

DOCUMENT RESUME

ED 035 375

HE 001 328

AUTHOR Schultz, Kenneth
TITLE A Study of Student Financial Aid in Virginia.
INSTITUTION Virginia State Council of Higher Education, Richmond.
PUB DATE Nov 69
NOTE 83p.
AVAILABLE FROM State Council of Higher Education, 914 Capitol Street, Richmond, Va. 23219

EDRS PRICE MF-\$0.50 HC-\$4.25
DESCRIPTORS Educational Philosophy, Employment, Evaluation, *Financial Support, *Higher Education, Scholarship Funds, Scholarship Loans, *Scholarships, *Student Loan Programs, *Students
IDENTIFIERS *Virginia

ABSTRACT

In response to a legislative resolution, the State Council established a Student Financial Aid Study Advisory Committee composed of public and private college representatives and outside consultants to develop a comprehensive study of student financial aid programs in higher education in Virginia. This study makes available for the first time an inventory of financial aid currently available to students in Virginia colleges and universities. Divided into 4 parts, the study provides: 1) an evaluation of present student financial aid policies and practices; 2) a discussion of financial aid philosophy; 3) an evaluation of the adequacy of existing aid programs; and 4) a proposal for broadening financial support to meet present and projected student financial aid needs. The conclusion is that Virginia faces a major challenge if it is to keep pace with other states in providing opportunities to attend college and if it is to meet the future need for a well-trained labor force. Tables and a bibliography are included. (DS)

**STATE COUNCIL OF HIGHER EDUCATION
FOR VIRGINIA**

10th Floor, Life of Virginia Bldg., 914 Capitol St., Richmond, 23219

November, 1969

MEMBERS OF THE COUNCIL

Joseph E. Blackburn, Richmond, *Chairman*

John D. Richmond, Martinsville, *Vice Chairman*

C. Wesley Peebles, Sr., Lawrenceville

Ramsay D. Potts, McLean

John F. Rixey, Norfolk

Dr. Paul D. Sanders, Richmond

Edward P. Simpkins, Jr., Mechanicsville

William H. Trapnell, Sabot

Dr. Woodrow W. Wilkerson, Richmond, *ex officio*

DIRECTOR OF THE COUNCIL

Prince B. Woodard

REPORT PREPARED BY:

Kenneth Schultz, *Coordinator, Special Projects and Activities*

ED035375

**A STUDY OF
STUDENT
FINANCIAL AID
IN
VIRGINIA**

*STATE COUNCIL OF HIGHER EDUCATION
FOR VIRGINIA*

Presented to:

**HIS EXCELLENCY, MILLS E. GODWIN, JR.
Governor of the Commonwealth of Virginia**

**THE MEMBERS OF THE GENERAL ASSEMBLY
Commonwealth of Virginia**

***As directed by House Joint Resolution Number 61 of the
General Assembly of Virginia of 1968.***

**U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION**

**THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE
PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS
STATED DO NOT NECESSARILY REPRESENT OFFICIAL OFFICE OF EDUCATION
POSITION OR POLICY.**

HE001328

HOUSE JOINT RESOLUTION NO. 61

Directing the State Council of Higher Education to study student financial aid programs for higher education in Virginia.

Agreed to by the House of Delegates, March 1, 1968

Agreed to by the Senate, March 7, 1968

Whereas, Virginia currently ranks low among the Southern States in the per cent of its college-age youth enrolled in college; and

Whereas, enrollments in Virginia's colleges and universities are predicted to more than double during the next decade; and

Whereas, student costs and student financial aid are related to college attendance; and

Whereas, student costs in Virginia's four-year State colleges and universities are higher than those of many other states in the South and nation; and

Whereas, the growing variety and complexity of student financial aid programs for higher education make a comprehensive analysis of the types, sources, utilization, and adequacy of these programs desirable; now, therefore, be it

Resolved by the House of Delegates, the Senate concurring, That the State-supported institutions of higher education endeavor to keep student charges at reasonable levels so that qualified and deserving individuals are not deterred by high costs from pursuing higher educational opportunities to the limit of their talents and abilities; and be it further

Resolved by the House of Delegates, the Senate concurring, That the State Council of Higher Education is directed to conduct during the 1968-70 biennium a comprehensive study of student financial aid programs for higher education in Virginia. In addition to such other information as the Council may collect on this subject, it shall study and report on the following:

(1) The types and sources of funding of existing student financial aid programs in Virginia;

(2) The adequacy of such programs; and

(3) The appropriateness of present policies, procedures, and practices of student financial aid programs, with respect to both current and projected enrollments in Virginia's colleges and universities.

The Council shall seek the advice of the State-supported institutions of higher education and of other appropriate institutions or agencies as may be helpful in the study; all agencies of the State, educational and otherwise, shall cooperate with the Council in its work. Representatives of Virginia's private colleges and universities should be invited to participate in the study on a voluntary basis wherever appropriate. The Council shall report its findings and recommendations to the Governor and the members of the General Assembly not later than October one, nineteen hundred sixty-nine.

To defray costs incurred in the conduct of this study, there is hereby appropriated the sum of five thousand dollars to be paid from the contingent fund of the General Assembly.



STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA

10th Floor, Life of Virginia Bldg., 914 Capitol St., Richmond 23219

(703) 770-2143



November, 1969

The Honorable Mills E. Godwin, Jr.,
Governor of Virginia

Members of the General Assembly,
Commonwealth of Virginia

The State Council of Higher Education for Virginia is pleased to present a study of student financial aid in Virginia as directed by House Joint Resolution Number 61 of the 1968 General Assembly.

The resolution instructed the Council to study and report on "(1) The types and sources of funding of existing student financial aid programs in Virginia; (2) The adequacy of such programs; and (3) The appropriateness of present policies, procedures, and practices of student financial aid programs, with respect to both current and projected enrollments in Virginia's colleges and universities." In addition, the Resolution stated that the State Council should present its findings and recommendations to the Governor and the members of the General Assembly. The Council feels that the position statement and study report which follow fulfill the requirements of the Resolution.

The State Council wishes to acknowledge with sincere thanks the cooperation and support given to the study by the individual members of the Student Financial Aid Advisory Committee, the college presidents, and the consultants and advisors. Extremely busy individuals were willing to change their schedules and personal plans to assist the Council in this important activity.

Respectfully submitted,

Prince B. Woodard
Director

STUDENT FINANCIAL AID STUDY COMMITTEE

ANNE D. ACEY
Ferrum Junior College

*EARL V. ALLGOOD
Virginia State College

MERRILL H. BARTON, JR.
Randolph-Macon College

DANIEL H. BENDER
Eastern Mennonite College

CLEMENT A. BESS
Bridgewater College

JOHN A. BLACKBURN
Mary Baldwin College

JOHN C. BRIGHT
College of William and Mary

P. H. BRUNSON
Virginia Union University

FRANK L. BUTLER
Virginia Polytechnic Institute

COLLIS DAVIS
Hampton Institute

*W. J. DE LONG
Madison College

*W. MARSHALL DENISON
State Department of Community
Colleges

ARTHUR W. DENNIS
Old Dominion University

BARRY M. DORSEY
Radford College

KENNETH D. GLASS
Virginia Intermont

HELEN GOODSSELL
Hollins College

ELIZABETH G. HELM
Shenandoah College and
Conservatory of Music

GORDON B. HEMMINGS
Virginia Seminary and College

LLOYD E. HIRSCHHORN
John Tyler Community College

LEWIS G. JOHN
Washington and Lee University

*Member of Steering Committee

CECIL JONES
University of Richmond

WILLIAM T. JOSEPH
Virginia Wesleyan College

WILLIAM A. KNIPE
Sullins College

*THOMAS W. LANGSTON
Lynchburg College

PRISCILLA M. LIGHT
Randolph-Macon Women's College

ALVIN LOMAX
Norfolk State College

EDWARD I. LONG
St. Paul's College

ELIZABETH M. MCKNIGHT
Union Theological Seminary

SR. M. DOLORITA MOONEY
Marymount College

DAN PARRISH
Bluefield College

JIMMY H. PAUL
Longwood College

CHARLES M. RENNEISEN
Virginia Commonwealth University

H. RUSSELL ROBEY
Southern Seminary Junior College

JANE SALADIN
Mary Washington College

GEORGE H. SIMPSON
Virginia Military Institute

*CATHERINE S. SIMS
Sweet Briar College

DONALD M. SUTTON
Roanoke College

*PETER C. TOMS
University of Virginia

ROBERT A. TURNER
George Mason College

JOHN H. WATERS
Hampden-Sydney College

TABLE OF CONTENTS

CHAPTER

State Council Position Statement.....	vii
Brief Summary of Contents	ix
Introduction	xiii
I. Types and Sources of Undergraduate Financial Aid.....	1
II. Undergraduate Financial Aid Philosophy	9
III. Adequacy of Current Undergraduate Student Financial Aid Programs in Virginia	12
IV. The Challenge of Undergraduate Student Financial Aid in Virginia	33
Bibliography	64

ACKNOWLEDGMENTS

Throughout the study, outstanding leadership and guidance were provided by two highly qualified consultants:

DR. HUMPHREY DOERMANN
Assistant for Financial Affairs
to the Dean
Faculty of Arts and Sciences
Harvard University

DR. EDWARD W. ERICKSON
Assistant Professor
Department of Economics
North Carolina State University

The talents, interest and advice of these professionals contributed in large measure to the completion of the study report. The State Council acknowledges with appreciation the services of Dr. Doermann and Dr. Erickson.

The State Council also benefited from and is appreciative of the suggestions and opinions offered from time to time during the study by four able advisors:

DR. JOSEPH D. BOYD
Executive Director
Illinois State Scholarship
Commission

DR. KINGSTON JOHNS, JR.
Associate Director
Southern Regional Office
College Entrance Examination
Board

DR. RALPH C. BURR
Director
Financial Aids Office
Yale University

DR. ROBERT R. RAMSEY, JR.
Director of Evaluation
New England Association of
Colleges and Secondary
Schools

**STATE COUNCIL OF HIGHER EDUCATION
FOR VIRGINIA
POSITION STATEMENT ON
STUDENT FINANCIAL AID STUDY**

In response to House Joint Resolution Number 61 of the 1968 General Assembly, the State Council established a Student Financial Aid Study Advisory Committee composed of public and private college representatives and secured the services of consultants to work with this group to develop a comprehensive study of student financial aid programs in higher education in the Commonwealth. Staff personnel of the State Council were designated to provide overall direction to the study, develop data collecting instruments, tabulate and analyze data collected, and, in conjunction with the consultants and the advisory committee, prepare a study report. The report presented herewith is the product of the advisory committee, consultants and Council staff.

The State Council has carefully reviewed this report and finds it to be a comprehensive and perceptive presentation of the current status of student financial aid for Virginia higher education. The study provides (1) an evaluation of present student financial aid policies and practices, (2) an evaluation of the adequacy of existing aid programs, (3) a discussion of financial aid philosophy, and (4) a proposal for broadening financial aid support to meet more nearly present and projected student financial aid needs. It is the Council's belief that the report fulfills both the intent and the requirements of House Joint Resolution No. 61 and it commends the Student Financial Aid Study Advisory Committee and the consultants for their outstanding work.

Consistent with its role to advise the Governor and General Assembly on higher educational matters, the State Council offers the following reactions and recommendations concerning the study report.

1. All parties concerned should give careful study to the report and to the continuing need which exists in the State for financial aid for college students.

2. In view of the demands on State funds at this time and the constitutional issue associated with the proposal to permit the awarding of state scholarships to students who enroll in private institutions, the establishment of a new statewide scholarship program does not

seem feasible at this time. It is urged, however, that the established biennial undergraduate scholarship appropriation, administered by the State Council under policies approved by the Governor, be increased to the maximum amount possible for the 1970-72 biennium.

3. In order that the proposal supporting the creation of a statewide student financial aid program may be kept under continuing study, it is urged that the General Assembly direct the State Council to formulate an administrative procedure whereby a state financial aid program may be efficiently operated and report on this matter to the Governor and General Assembly prior to the 1972 legislative session. It is further urged that students with the greatest financial need, both secondary school graduates with academic potential and college enrollees of sufficient scholastic achievement, be given priority consideration in the criteria developed to govern the awarding of funds from a statewide financial aid program. In addition, recognizing the expanding educational opportunities being provided through the community college system, it is suggested that careful consideration be given to the proposition that the major portion of student financial aid funds be reserved for students attending four-year colleges and universities, including community college graduates transferring to senior colleges as upper level students.

4. To facilitate further the development of a detailed plan for a broad-based state financial aid program for submission to the 1972 General Assembly, a state level student financial aid officer (as recommended by the large majority of the institutions of higher education participating in the study) should be added to the State Council staff to work with Council committees on the design of appropriate administrative machinery, to advise on needed legislation and to serve as a consultant and coordinator with the institutions of higher education in the State on financial aid developments and problems.

BRIEF SUMMARY OF CONTENTS

The Commonwealth of Virginia faces a major challenge if it is to keep pace with other states in providing opportunity to attend college for its young men and women and if it is to meet the needs of the future for a well trained labor force. This is the conclusion of the report, "A Study of Student Financial Aid in Virginia" which follows. The study was requested by House Joint Resolution 61 of the 1968 session of the General Assembly of the Commonwealth of Virginia and was conducted by the State Council of Higher Education for Virginia, and with the advice of financial aid officers and others broadly representative of public and non-public higher education in Virginia. The study makes available for the first time a comprehensive inventory of financial aid currently available to students in Virginia colleges and universities. It also reports the opinion of responsible Virginia secondary school and college officials concerning current financial aid programs and practices. Finally, it examines the unmet needs for undergraduate financial aid in Virginia and proposes a flexible, comprehensive plan to help meet these needs in the coming years.

Chapter I: Current Undergraduate Student Aid

During 1968-69, full-time undergraduate students in Virginia's colleges and universities received about 17 million dollars from all sources (federal, state, institutional, and other) in student financial aid. This aid was in the form of scholarships and other non-repayable grants, student jobs, and loans. The federal government was the largest single source of student aid funds in both the state-controlled and privately controlled colleges. Funds from the Commonwealth of Virginia represented the second largest source of student aid in the state-controlled colleges (roughly 4.6 million dollars); the second largest source of student aid funds in privately controlled colleges was institutional funds administered by the colleges themselves.

Chapter II: Undergraduate Financial Aid Philosophy

A large majority of the presidents of Virginia colleges reported that Virginia's existing financial aid programs are either inadequate or barely adequate, and that they are not keeping pace either with the rising costs of higher education or with the needs of a growing and changing student population. These officials feel strongly that the amount of scholarship assistance awarded to individual students

should be determined primarily by the financial need of the students and their parents, and that undergraduate students receiving scholarship assistance should be expected to contribute to the costs of their education from their own job earnings, from borrowing, or both. This practice is favored not only because it seems fair, but also because it seems most likely to permit scarce scholarship dollars to assist the greatest number of students who need them.

Almost half of the officials in Virginia state-controlled colleges, all of those in private colleges, and an overwhelming majority of high school officials indicated that they favored making available state financial aid funds to Virginia men and women who attend *non-public* colleges as well as public ones. However, the proposed revisions to the Virginia constitution would prohibit state funds for scholarship aid from being available to students in non-public colleges. If the currently proposed constitutional revisions are adopted, they would make it impossible to establish student aid policies favored by the majority of Virginia's college presidents and secondary school officials participating in the study.

Chapter III: Adequacy of Student Financial Aid Programs in Virginia

In two major respects, presently-operating undergraduate financial aid programs do not meet the goal in the "Virginia Plan for Higher Education," that the State "provide appropriate opportunities in higher education for all youth who can benefit therefrom." First, the data from four different but complementary sources of information indicate that between 3,000 and 6,000 academically qualified Virginia high school graduates do not go on to college each year only because they lack the necessary financial support. (Virginia's proportion of college-age youth enrolled in college is one of the three lowest in the Southern Region and also is considerably below the national average.) Second, Virginia's college students and their families today are often forced to make unusually great financial commitments, compared with their resources, to meet college-going expenses. Increased financial assistance for these students could increase the equity of the present financial aid system, reduce drop-out, and improve the quality of academic work performed by young men and women who now must work too many hours in student jobs. The combined annual amount of these unmet student financial needs was about \$28,500,000 in 1968-69.

Chapter IV: The Challenge

Additional undergraduate financial aid for Virginians should be administered so that maximum benefit is achieved at the most reasonable possible cost. Some of the most desirable benefits, or purposes, of any new plan should be that it broaden educational opportunity to include those who cannot now afford to attend college but who are otherwise qualified, and also that it should be primarily responsive to the needs of individual students by helping them to choose the kinds of colleges and academic programs for which they are best suited. If these goals are to be achieved at the least possible cost, any new plan probably should require (1) that the amount of individual awards to students be based upon demonstrated financial need; (2) that students be expected to work and/or borrow to a reasonable extent if they also wish to receive non-repayable scholarships or grants; (3) and that in helping to meet individual need the Commonwealth of Virginia should commit itself only to providing *supplementary* assistance after families, students, colleges, and other government sources have contributed all they reasonably can.

The study considers several possible plans and recommends a comprehensive one which would:

1. Provide roughly 4,500 need-based, non-repayable grants averaging about \$1,000 a year for each entering Virginia college class. The first-year cost would be about \$4,500,000, increasing to about \$13,500,000 after four years, when four classes (allowing for dropouts) were being awarded grants. Full-time students in Virginia accredited or approved public or non-public colleges would be eligible, provided that they were Virginia residents and U. S. citizens.
2. Provide a Virginia guaranteed student loan plan, supplementary to existing federal loan programs, which through co-insurance and interest cost subsidies would make available from commercial lending sources up to about \$30,000,000 in new loans each year. The cost to Virginia for such a plan is estimated at about \$3,000,000 a year.
3. Provide non-monetary recognition for high academic performance in secondary school for the highest ranking scholars in each graduating class.
4. Continue present Virginia state-funded, undergraduate, special-purpose financial aid programs, until such time as careful study may suggest which ones should be continued indefinitely in their present form and which ones should be consolidated or reduced in size.

The recommendation to provide non-repayable grants for students in non-public colleges (as well as in public ones) was made partly to give a greater range of college choice to Virginia high school graduates, but also partly to help slow down the rapid shift in enrollment balance now taking place between public and non-public sectors of Virginia higher education. If present trends were to continue unchecked, the enrollment balance in Virginia colleges will have shifted from about one-third non-public in 1958, to about one-sixth non-public in 1975. This is a much more rapid shift than is occurring for the Southern Region as a whole or for the United States. Whether or not such a change is desirable on educational grounds, it is clearly an expensive one for the Commonwealth of Virginia. Every additional student that the public colleges must accommodate will cost Virginia taxpayers more than \$700 a year in operating costs (in excess of new tuition income) as well as the costs of new construction which are necessary for expansion. This seems unnecessarily burdensome if at the same time there exists unused capacity in many of the non-public colleges.

The challenge to Virginia is great, but the present need to meet that challenge and to provide new opportunity for young Virginians seems great also.

INTRODUCTION

House Joint Resolution Number 61 of the 1968 General Assembly directed the State Council of Higher Education to conduct "... a comprehensive study of student financial aid in Virginia."

To insure that the study would be truly comprehensive, all institutions of higher education in the State were invited to participate through representation on the State Council's *Ad Hoc Student Financial Aid Study Advisory Committee* and by reporting data on institutional financial aid programs, policies and philosophies to the Council.

The membership of the Advisory Committee consisted of one representative from each of the thirteen four-year state-controlled institutions of higher education, two representatives from the Virginia Community College System, representatives from seventeen four-year privately controlled institutions of higher education, and eight representatives from privately controlled two-year institutions. Three additional privately controlled institutions, two four-year and one two-year, agreed to participate in the study but did not wish to designate representatives to the Committee.

It was hoped that the study could include an appraisal of graduate student financial aid as well as undergraduate aid. However, because of the limited time and resources available for the study and the sharp differences between undergraduate and graduate aid programs—their size, purposes, and methods of administration—it was the opinion of the Committee and the State Council that available resources should concentrate on an appraisal of undergraduate financial aid in Virginia. Accordingly, this document concerns itself primarily with undergraduate financial aid, although Tables 4 and 6 report some funds which were allocated for graduate aid and Table 5 lists some additional unallocated but authorized aid for professional students.

Although omitted from this study, the issues of graduate and professional student aid merit serious attention, and it is hoped that an intensive analysis of these programs can be completed in the near future.

Data

The participating institutions were asked to supply information about the numbers of students receiving various types of financial aid and the amount of moneys used in making the financial aid awards to these students. In reporting the information to the State Council, the institutions utilized In-State and Out-of-State breakdowns for students by class, by type of award, by method of awarding

(institutionally¹ or externally²), by how the financial aid was packaged,³ the sources of the funds, and the number of financial aid applicants the institutions were unable to assist due to lack of funds.

In addition to data on the number of students and the number of dollars involved in the current financial aid programs at the institutions of higher education in Virginia, questionnaires were sent to the colleges and universities and to high school guidance personnel requesting opinions on financial aid philosophy, policies, practices, procedures, and adequacy. Copies of all data collecting instruments are on file with the Appendices.

The following compilation indicates the number of institutions polled and the number and percentage of responses to the various data collecting instruments.

Type of Data Collecting Instrument	Institutions Polled	Number Polled	Responded in Time for Inclusion of Data in Study		Responded too Late for Inclusion or No Response	
		Number	Number	Per Cent	Number	Per Cent
Information on Current Programs	Public Colleges	26	26	100.0	—	—
	Four-Year	13	13	100.0	—	—
	Two-Year	13	13	100.0	—	—
	Private Colleges	28	20	71.4	8	28.6
	Four-Year	19	14	73.7	5	26.3
	Two-Year	9	6	66.7	3	33.3
	Grand Total (All Colleges)	54	46	85.2	8	14.8
College Questionnaire	Public Colleges	14	14	100.0	—	—
	Four-Year	13	13	100.0	—	—
	Two-Year	1	1	100.0	—	—
	Private Colleges	28	23	82.1	5	17.9
	Four-Year	19	15	78.9	4	21.1
	Two-Year	9	8	88.9	1	11.1
	Grand Total (All Colleges)	42	37	88.1	5	11.9
High School Questionnaire	Public High Schools	352	295	83.8	57	16.2
	Private High Schools	68	48	70.6	20	29.4
	Total—All High Schools	420	343	81.7	77	18.3

¹Institutionally awarded funds are all funds, irrespective of source, for which the institution has the primary responsibility for recommending and/or selecting the award recipient.

²Externally awarded funds refer to those awards made directly to students by persons, organizations, and agencies not formally affiliated with the institution, i.e., an award brought to the institution by the student.

³Packaging is a financial aid practice whereby the institution, in making awards to aid recipients, provides a combination of several different types of aid, i.e., a grant plus a loan; a loan plus a job; or perhaps a grant, a loan and a job.

The volume of data collected during the study was too great for inclusion in this report. Summary and detail tables and other source materials have been prepared and are on file as Appendices to the study. A listing of these Appendices will be available from the office of the State Council of Higher Education.

The report which follows presents:

1. A summary of undergraduate student financial aid in Virginia for 1968-69 by types and sources.
2. An analysis and discussion of the adequacy of existing financial aid programs.
3. Suggestions and recommendations relating to the challenge of the future of undergraduate financial aid in Virginia.

GLOSSARY OF TERMS

Awards—Based on Need

Financial aid awards (scholarships, grants, loans, jobs) made to students who were required, as part of the financial aid application procedure, to demonstrate financial need.

Awards—Need Not a Criterion

Awards for which it was not necessary for students to demonstrate financial need in order to be aid recipients.

Co-Curricular Activity

An activity not falling within the curriculum, but closely related to it, such as debate, forensics, and band.

Full-Time Student

A student enrolled in credits equal to at least 75 per cent of a normal full-time load.

Grant—Undergraduate

For the purposes of this study, grants include:

- (1) Scholarships, grants-in-aid, tuition discounts, waivers of tuition and fees, awards of money, and other awards that require neither repayment nor employment.

NOTE: Virginia State Teachers Scholarships are not included here but rather under long-term loans since they are, in effect, "Scholarship Loans" (q.v.).

- (2) Service awards (q.v.).

Grant-in-Aid

An award given to a student with financial need without regard to his academic achievement, as long as his academic record is at or above the minimum level required to remain in good standing at the institution.

Honorary Award

Recognition of outstanding potential with no dollar assistance given. The recognition is usually in the form of a certificate plus newspaper publicity.

In-State Student

A student paying the tuition and fees specified by the institution for a resident of Virginia.

Job

All institutionally administered on-campus and off-campus employment. Service awards (q.v.) are *not* included here.

Long-Term Loan

A loan that requires repayment, usually with interest, after the borrower's graduation or termination of enrollment at the institution.

NOTE: The Virginia State Teachers Scholarships are included in this category since they are, in effect, "Scholarship Loans" (q.v.).

Out-of-State Student

A student paying the tuition and fees specified by the institution for a non-resident of Virginia.

Scholarship (Honor Scholarship)

Award given to student with financial need on the basis of and in recognition of superior academic ability or achievement. Modest or token awards may be made to students who meet academic criteria, but who do not have need for funds.

Scholarship Loan

An indentured scholarship; e.g., the Virginia State Teachers Scholarship, which must be repaid either by teaching service or cash.

Service Award

Award given to student on the basis of and in recognition of ability in special parts of the academic or co-curricular program (student government, music, debating, athletics).

Unclassified Student

A student who cannot be classified by level.

Waiver of Tuition (Tuition Discounts)

An arrangement by which a student is permitted to take all or part of his academic work free by having tuition or certain fees waived. The practice commonly applies to such groups as student assistants, faculty, and faculty dependents.

Chapter I

TYPES AND SOURCES OF UNDERGRADUATE FINANCIAL AID

House Joint Resolution Number 61 directed: "In addition to such other information as the Council may collect on this subject, it shall study and report on . . . types and sources of funding of existing student financial aid programs in Virginia."

This chapter presents the types and sources of student financial aid for the 1968-69 academic year.

Because of the wide variety of sources of aid funds and because funds from each source might be used for more than one type of aid (grant, loan, job), the Committee and the Council staff recognized that the collection of data would be a complex process. An exhaustive effort was made, however, to obtain comprehensive and all inclusive data and both the Committee and staff are of the opinion that this objective was accomplished even though the variety of administrative bodies involved with student financial aid in Virginia made this a most complicated undertaking. One fact clearly revealed by the study was that no comprehensive inventory of all sources of aid funds by type of aid had been developed previously in the State. In this regard the State Department of Education is commended for its publication "Financial Assistance to Attend Virginia Colleges and Universities" which provides the most extensive catalog of the financial aid available for students in Virginia's institutions of higher education. This publication has been revised every two years since it was first published in 1964.

Experience in developing this one-time inventory of types and amounts of student financial aid points to the need for a continuing survey and reporting of *all sources* of funds and a determination of the manner in which these funds might best be utilized for the benefit of both students and parents. The dispersion of the state aid programs under numerous bodies external to the colleges and universities strongly supports the concentrating of the sundry types of state aid under one administrative arm. Such an agency should be effective in apprising all interested parties, students, parents, and institutions as to what aid funds are available and how they may be used. This agency could apprise the Governor and General Assembly as to the adequacy of the varied state aid programs (which ones should be continued, dropped, and/or expanded) in relation to expressed need and use and could also efficiently administer the varied programs.

TABLE 1
1968-69 Academic Year Full-Time Student Population
As Reported by Participating Institutions

	State-Controlled Institutions			Privately Controlled Institutions			Grand Total
	In-State Students	Out-of-State Students	Total Students	In-State Students	Out-of-State Students	Total Students	
Four-Year Institutions							
Freshman	14,564	3,839	18,403	2,203	2,472	4,675	23,078
Sophomore	11,470	2,826	14,296	1,794	1,870	3,664	17,960
Junior	9,286	2,047	11,333	1,823	1,502	3,325	14,658
Senior	8,311	1,844	10,155	1,368	1,169	2,537	12,692
Unclassified	135	42	177	210	109	319	496
Total	43,766	10,598	54,364	7,398	7,122	14,520*	68,884*
Two-Year Institutions							
Freshman	7,652	95	7,747	1,478	703	2,181	9,928
Sophomore	2,282	32	2,314	763	406	1,169	3,483
Junior	—	—	—	13	13	26	26
Senior	—	—	—	11	23	34	34
Unclassified	1,096	7	1,103	92	17	109	1,212
Total	11,030	134	11,164	2,357	1,162	3,519**	14,683**

*Approximately 3,427 additional full-time undergraduate students were enrolled in seven (7) private four-year institutions of higher education in Virginia, which either did not participate in the study or reported too late for inclusion in the study.

**Approximately 1,228 additional full-time undergraduate students were enrolled in four (4) private two-year institutions of higher education in Virginia, which either did not participate in the study or reported too late for inclusion in the study.

Student Population

The investigation concerned itself with full-time undergraduate students enrolled in the colleges and universities in Virginia during the 1968-69 academic year. Students enrolled in extension courses were not included.

Table 1 reports the full-time enrollment by type of institution, by student level, and by in-state and out-of-state breakdown. Enrollment figures of the branch institutions of the University of Virginia

TABLE 2
Total Financial Aid Funds Received by Students in All
Virginia Institutions of Higher Education, 1968-69

	Funds Awarded	Sub-Total	Total
Sources of Funds as Reported by the Institutions			
Institution	\$4,133,743		
Commonwealth of Virginia	3,399,757		
States Other Than Virginia	939,609 ¹		
Federal Government	6,476,694		
Local Governments	288,564		
Private (Industry, etc.)	1,638,121		
Total Reported by Institutions			\$16,876,488
Additional Funds Not Reported by the Institutions			
Commonwealth of Virginia Vocational Rehabilitation	115,774 ²	\$ 115,774	
Federal Government			
Social Security Benefits	5,451,804 ³		
Veteran Benefits	5,935,780 ⁴		
Vocational Rehabilitation	347,323 ²	11,734,907	
Private			
Virginia Insured Bank Loans	7,211,352 ²	7,211,352	
Total Additional Funds			19,062,033
GRAND TOTAL			\$35,938,521

¹Funds for non-residents of Virginia only.

²An undetermined amount of these funds was used by graduate and professional students. Also, some of these funds were used by Virginia residents to study outside the State in programs not available in Virginia institutions.

³An undetermined amount of these funds was used by graduate and professional students, was used by Virginia residents for study outside Virginia, and was used by students in trade and vocational schools.

⁴An undetermined amount of these funds was used by graduate and professional students.

and the College of William and Mary are included with the figures of the parent institutions. The reported state-controlled two-year college enrollment is that of the Virginia Community College System.

Sources of Funds

Table 2 (page 3) summarizes the sources of all financial aid funds awarded to undergraduate students in all participating institutions of higher education in Virginia during the 1968-69 academic year. The funds reported in this table include both institutionally and externally awarded funds.

Table 3 is a breakdown by type of institution, of the information contained in the upper portion (Sources of Funds as Reported by the Institutions) of Table 2. From Table 3, it can be seen that the Federal Government was the largest supplier of Undergraduate student aid funds in both the state-controlled four-year institutions and the community colleges. The second largest source of funds at both types of institutions was the Commonwealth of Virginia, supplying approximately 30 per cent of the funds to aid recipients at the four-year institutions and 21 per cent to students in the community colleges.

TABLE 3
Sources of Financial Aid Funds Received by Students in
Virginia Institutions of Higher Education, 1968-69

	Four-Year Institutions		Two-Year Institutions	
	Award Recipients	Funds Awarded	Award Recipients	Funds Awarded
State-Controlled Institutions				
SOURCES OF FUNDS				
Institution	4,994	\$ 1,912,881	24	\$ 7,252
Commonwealth of Virginia.....	12,363	3,324,617	239	55,437
States Other Than Virginia.....	864	579,355	4	1,200
Federal Government	11,541	3,991,598	464	167,130
Local Government	306	281,366	85	7,198
Private (Industry, etc.)	1,967	1,051,439	209	30,928
Total	32,035	\$11,141,256	1,025	\$269,145
Privately Controlled Institutions				
SOURCES OF FUNDS				
Institution	4,301	\$ 1,984,751	830	\$228,859
Commonwealth of Virginia.....	57	19,703*	0	0
States Other Than Virginia.....	474	353,579	9	5,475
Federal Government	3,767	2,087,907	504	230,059
Local Government	0	0	0	0
Private (Industry, etc.)	737	475,191	147	80,563
Total	9,336	\$ 4,921,131	1,490	\$544,936

*State Teachers Scholarships at two institutions.

TABLE 4
State Funds Appropriated for Student Financial Aid—Fiscal Year 1968-69

Name of Program or Type of Aid	Fiscal Appropriation	Administered By	Source of Information 1968 Appropriations Act—Item	Authorization Code of Virginia
Student Aid (loans)	\$ 3,000	Longwood	637	Title 23-35.1 Title 23-35.1 Title 23-105
Student Aid (loans)	17,000	Madison	641	
Student Aid (loans)	5,000	Mary Washington	693	
Student Aid (loans)	20,000	Old Dominion	620	
Student Aid (loans)	3,000	Radford	645	
Student Aid (medical scholarships)	30,000	University of Virginia	674	
Student Aid	36,000	Medical College of Virginia	668	
Student Aid (loans)	1,000	Medical College of Virginia	668	
Student Aid (loans)	19,200	Richmond Professional Institute	664	
Student Aid	61,200	Virginia Military Institute	699	
Student Aid (loans)	47,000	Virginia Polytechnic Institute	704	
Student Aid (loans)	30,000	Virginia State—Norfolk	633	
Student Aid (loans)	3,500	Virginia State—Petersburg	628	
Student Aid (loans)	13,000	William and Mary	649	
	\$ 288,900	Total Institutions of Higher Education		
Undergraduate Scholarships	\$ 575,000	State Council of Higher Education	494	Title 23-9.2:1 Title 23-35.9-35.13 Title 23-9.2:2
Graduate Scholarships	200,000	State Council of Higher Education	495	
State Education Assistance Authority	194,940*	State Education Assistance Authority	486 and 487	
Teacher Education and Scholarships	2,375,995	State Department of Education	580	
Nursing Scholarships and Training	45,000	State Board of Health	307	
Welfare Personnel Scholarships and Training	277,620	State Board of Welfare and Institutions	360 and 361	
Law Enforcement Scholarships	50,000	State Department of Education	602	
Forestry School and Regional Education	93,800	Virginia Polytechnic Institute	706	
Scholarships and Regional Education	115,100	Virginia State—Petersburg	630	
	\$3,927,455	Total Other Agencies		
	\$4,216,355	Total Appropriations		

*\$44,940 reserved for administrative expense.

The Federal Government was also the largest source of funds for student aid at both the four-year and two-year privately controlled institutions in Virginia. At both these types of institutions, the institutions themselves were the second largest source of aid funds—40.3 per cent of the total funds of the four-year colleges and 42 per cent of the total funds of the two-year colleges.

Table 4 (page 5) reports the state appropriations for student financial aid for fiscal 1968-69. Although most of these funds are reported also in Table 3, it was the opinion of the Committee that one should be able to see in one place those funds which the General Assembly had earmarked for student financial aid. Teacher Education and Scholarships accounted for more than half of all the state appropriations for student aid. Thirteen and six-tenths per cent of the total appropriations were for undergraduate scholarships, the second largest appropriation for student aid.

Financial Aid as Awarded by the Institutions

Tables 5 and 6 summarize financial aid as packaged at the institutions of higher education in Virginia and contain information on institutionally awarded funds only. Packaging is a financial aid practice whereby the institution, in making awards to aid recipients, gives

TABLE 5
Undergraduate Financial Aid as Awarded by Virginia's
State-Controlled Institutions of Higher Education, 1968-69

	Four-Year Institutions			Community Colleges		
	Number of Recipients	Per Cent of Full-Time Enrollment	Dollars Awarded	Number of Recipients	Per Cent of Full-Time Enrollment	Dollars Awarded
PACKAGED AID						
Grant and Loan	2,477	4.6	\$ 2,024,317	8	0.1	\$ 3,084
Grant and Job	670	1.2	519,528	36	0.3	24,785
Grant, Loan and Job	955	1.8	1,054,790	2	0.02	957
Loan and Job	1,064	2.0	805,484	27	0.2	17,440
Sub-Total	5,166	9.5	\$ 4,404,119	73	0.7	\$ 46,266
NON-PACKAGED AID						
Grant	2,937	5.4	\$ 1,968,551	57	0.5	\$ 9,392
Loan	5,161	9.5	2,271,699	65	0.6	20,988
Job	4,991	9.2	1,427,048	344	3.1	149,226
Sub-Total	13,089	24.1	\$ 5,667,298	466	4.2	\$179,606
TOTAL AID	18,255	33.6	\$10,071,417	539	4.8	\$225,872

the student a "package" or combination of different types of aid; i.e., rather than giving the student one large grant, or one large loan, or a job that might require the student to spend too much time away from his studies, the institution will combine a grant with a loan, or a grant with a job, or perhaps a grant with a loan and a job. Since the institutions were to eliminate all duplicates in their reporting on packaging, it is in these two tables that the actual number of students receiving aid from institutionally awarded funds is reported. When these two tables are combined, it is determined that 24,821 students, at participating institutions, received \$14,918,515 in financial aid in 1968-69.

The per cent of enrollment shown in each of these tables relates the number of aid recipients to the full-time enrollment at the institutions reported in the particular table.

Approximately 33.6 per cent of the full-time students enrolled in Virginia state-controlled four-year institutions of higher education were recipients of institutionally awarded financial aid (Table 5). Loans accounted for both the largest number of recipients and the largest number of dollars awarded. The probable reason for this is the State Teachers Scholarship information was reported with loans, in view of the requirement for either teaching service or repayment of the funds awarded.

TABLE 6

**Undergraduate Financial Aid as Awarded by Virginia's
Privately Controlled Institutions of Higher Education, 1968-1969**

	Four-Year Institutions			Two-Year Institutions		
	Number of Recipients	Per Cent of Full-Time Enrollment	Dollars Awarded	Number of Recipients	Per Cent of Full-Time Enrollment	Dollars Awarded
PACKAGED AID						
Grant and Loan	633	4.4	\$ 695,199	2	0.7	\$ 22,950
Grant and Job	472	3.3	454,582	134	3.8	99,945
Grant, Loan and Job	910	6.3	1,284,775	95	2.7	125,736
Loan and Job	188	1.3	152,862	79	2.2	72,805
Sub-Total	2,203	15.2	\$2,587,418	333	9.5	\$321,436
NON-PACKAGED AID						
Grant	1,547	10.7	\$1,044,775	179	5.1	\$ 63,075
Loan	311	2.1	170,320	44	1.3	20,910
Job	1,114	7.7	346,502	296	8.4	66,790
Sub-Total	2,972	20.5	\$1,561,597	519	14.7	\$150,775
TOTAL AID	5,175	35.6	\$4,149,015	852	24.2	\$472,211

In contrast with the state-controlled four-year institutions, only about five per cent of the full-time enrollment in the community colleges were financial aid recipients. Almost two-thirds of the total aid recipients at these colleges had job aid and received almost 80 per cent of the aid funds awarded.

From Table 6 it is observed that 35.6 per cent of the full-time undergraduate students in Virginia's privately controlled four-year colleges received institutionally awarded financial aid. Although the greatest number of aid recipients was awarded aid which was not packaged, 62.4 per cent of the aid funds was awarded as financial aid packages with almost half of this being awarded as grant-loan-job combinations.

About 24 per cent of the full-time enrollees in Virginia's two-year privately controlled colleges received institutionally awarded financial aid. As with the private four-year colleges, the greatest number of aid recipients was not awarded packaged aid although the largest percentage of aid dollars was awarded as aid packages. The grant-loan-job package was the largest aid category and accounted for 26.6 per cent of the institutionally awarded funds.

Chapter II

UNDERGRADUATE FINANCIAL AID PHILOSOPHY

Consistent with the provision of House Joint Resolution Number 61 "to study and report on . . . the appropriateness of present policies, procedures, and practices of student financial aid programs with respect to both current and projected enrollments," opinions of both college administrators and high school guidance personnel were solicited by the State Council. Two questionnaires were designed: one for response by the presidents of institutions of higher education in Virginia, the other for response by the high school guidance personnel in the State. Portions of the college questionnaire were extracted from a national survey¹ conducted for the Education Commission of the States.

As indicated in the introduction, there was a 100 per cent response from the state-controlled institutions to the questionnaire. Of the 28 privately controlled colleges polled, 23 responded to the questionnaire. Two hundred ninety-five public high schools and 48 private high schools, or a total of 81.7 per cent of all high schools polled, responded to the questionnaire. The remainder of this chapter will be devoted to summarizing the responses to the questionnaires.

In response to questions pertaining to the adequacy of the financial aid programs of Virginia's institutions of higher education and those of the State, a majority of both the state-controlled (85.7 per cent) and privately controlled (60.9 per cent) colleges and universities reported that their financial aid programs were not keeping pace with either the rising cost of higher education or the changing student population. An even larger majority of the institutions (78.4 per cent) indicated that, in their opinion, Virginia's existing financial aid programs were either inadequate or only barely adequate. In response to the question on the adequacy of the existing State programs, the percentage of Virginia respondents who felt these programs were inadequate (56.8 per cent) is 22.8 per cent greater than the percentage of those in the national sample who felt their State programs inadequate.

¹Grant, Richard V., *State Supported Student Financial Aid in Higher Education*. Denver: Education Commission of the States, 1969. Multilithed.

A number of questions were asked concerning what criteria, if any, should be used in the selection of financial aid recipients. The respondents indicated that the most important considerations in the awarding of any type of student financial aid should be the financial need of the student and the financial status of the parents. The institutions indicated that both strong academic achievement (75.7 per cent of the respondents) and good citizenship (73.0 per cent of the respondents) should be of great importance when scholarship recipients are selected but that the degree of the student's extra-curricular activity should be of relatively little concern. A majority of the high school guidance counselors felt that any student with financial need should be expected both to borrow money and to work at a job when given scholarship assistance. All of the institutions of higher education expressed the opinion that, in order to benefit from a wider distribution of scholarship funds, financial aid should be packaged; i.e., the awarding of a combination of the different types of aid to a financial aid recipient. Responses from both high schools and colleges very strongly favored the use of the honorary award, whereby the student with outstanding academic potential but no financial need might be recognized for his academic potential although given no financial assistance. This recognition may be in the form of a certificate, with newspaper publicity noting the fact that the student has been so honored.

The fact that loans are considered an important aspect of student aid was the almost unanimous opinion of the respondents, and they (97.3 per cent) strongly concurred that the State should encourage increased participation by the individual lending institutions in providing loans to students. When asked how much in outstanding loans an undergraduate student should be permitted to accumulate upon completion of his educational program, about two-thirds of the high school guidance personnel suggested maximums in the \$2,000 to \$5,000 range. Approximately 65 per cent of the institutions of higher education did not favor the transfer of responsibility from the parent to the student, through loans to the student which he would repay after completing his undergraduate education. Although the disapproval to this approach was not as great when applied to those students who are economically deprived, a slightly greater percentage of the respondents still felt this to be undesirable. This in no way implies that the concept of student borrowing was looked upon with disfavor but only serves to point out the opinion that the parents should retain as much financial responsibility as possible for the student's educational expenses.

Those polled were asked to indicate whether they agreed or disagreed with the following statement: "State of Virginia funds for scholarship and loan assistance should be made available to Virginia youth to attend private colleges in Virginia." Responses were divided as follows: of the 14 respondents from the state-controlled institutions, 6 agreed and 8 disagreed with the statement; all 23 of the respondents from privately controlled institutions agreed; and 81.9 per cent of the 343 high school respondents agreed with the statement.

The institutions of higher education were presented with a number of possible reasons for the increased interest in student financial aid programs and were asked to indicate the level of importance they would assign each as it pertains to student financial aid in Virginia. The values of *some importance* to *highly important* were assigned to "providing higher education for the disadvantaged" and "giving equal opportunity to all for attending college" by all the respondents. Approximately 90 per cent assigned values of *some importance* to *highly important* to both "helping make the adjustment to the technological age we are in" and "helping support private colleges." A considerable majority assigned *importance* to "providing more of a selection of colleges to attend" and to "the reduction of tension among minority groups." "Encouraging students to select certain occupations" was considered *important* by a majority of the respondents and "having a higher level of education than other states" was rated as being of *some importance* by about 40 per cent of the respondents.

Of the institutions of higher education responding, 81.1 per cent were of the opinion that a state level student financial aid officer should be appointed to help identify and correct problems, to initiate necessary legislation, and to work as an advisor and coordinator with the institutions of higher education in the State.

Chapter III

ADEQUACY OF CURRENT UNDERGRADUATE STUDENT FINANCIAL AID PROGRAMS IN VIRGINIA

Preceding chapters have dealt with the types and sources of funds in existing programs of student financial aid in Virginia's colleges and universities—the first major topic of concern to the Virginia General Assembly when in March 1968 it directed the State Council of Higher Education to conduct this study. The second major topic of concern to the General Assembly was: How adequate are Virginia's student aid programs in these institutions? The present chapter discusses that question and concludes that there is a large gap between the accomplishments of currently-funded programs and the first of the five goals, set forth by the State Council of Higher Education in 1967 in the *Virginia Plan for Higher Education*, that the State undertake "to provide appropriate opportunities in higher education for all youth who can benefit therefrom."

This chapter will discuss the probable dollar cost of the broadened-opportunity goal for college undergraduates expressed in the State Plan and also will estimate roughly the size of the dollar gap between that goal and the present accomplishment of Virginia's undergraduate student aid programs. The discussion of undergraduate student aid will be divided into two parts. The first part of the discussion will estimate how much additional undergraduate student aid might be necessary for those Virginia high school graduates to go on to college who do not do so now only because they cannot afford the full amount of fees and expenses involved. The second part will examine the financial strains developing for today's college students in Virginia, which often force them and their families to contribute more towards college costs than one might reasonably expect, and which in some instances causes students undue delay in completing college programs and may also cause lowered quality of academic work while enrolled.

Broadened Educational Opportunity

How many Virginia high school graduates should go on to some kind of college education, and within this number, how many now

fail to go on only because they cannot afford to? Before trying to estimate answers to these questions, it is important to remember that the answers can never be fully precise and that good answers for 1970 probably will not be satisfactory for 1980. For one thing, any answer must depend in part upon the prior performance of Virginia students in elementary and secondary schools. In the years ahead one may hope that fewer students are likely to drop out of school before high school graduation, and thus, that a larger proportion of Virginia's youth each year would become academically eligible to go on to college. This would be true even if the number of seventeen and eighteen-year-olds in the Virginia population remained the same and were not expanding.

Furthermore, the skill requirements for successful employment in Virginia's labor force are changing rapidly. To the extent that Virginia's economy may require more highly trained talent in the future than it does today, larger proportions of those eligible for college probably *should* avail themselves of college education. This estimate assumes that the fast-growing service portions of the economy will demand more doctors and lawyers and school teachers and government servants. It assumes, at the same time, that Virginia business and industry will increasingly want its new employees to have new kinds of technical training. Perhaps industry and the service professions will suddenly decide to provide all of the new kinds of education needed, and therefore perhaps additional *college* training for more of Virginia's high school graduates will not be necessary—but the evidence thus far would not lead one to gamble on it. Rather, it appears that those regions which make the greatest school and college investment in a well-trained labor force are also the regions enjoying the best economic growth, with "best" meaning here both a high growth rate and also a high quality of industrial, agricultural, and professional "mix" in that growth.

If all this is true, it presents a sizable challenge to the Commonwealth of Virginia. The Southern Regional Education Board reported that when it examined total college enrollment as a percentage of total population aged 18 to 21, Virginia's percentage in 1967 was only 33.0. The percentage for the Southern Region¹ was 39.1 and for the United States was 52.4. One may object that since students enroll in college who are both under 18 and over 21, and that since

¹The Southern Region includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Percentages are taken from *Fact Book on Higher Education in the South, 1968*, SREB, Atlanta, 1968, Table 11.

these age-of-college-enrollment patterns may vary from region to region, one should not place too much weight upon a rough index of this kind. Furthermore, this measure does not take account of net in-migration or out-migration of college students. Nonetheless, if Virginia's percentage had equaled that of the Southern Region in 1967, roughly 3,000 more Virginia high school graduates that year would have been going on to college, and roughly 7,000 more beyond that would have been going on to college if Virginia's percentage had equaled that for the United States. As it was, Virginia's percentage was the third lowest in the Southern Region, followed only by Georgia (29.0 per cent) and South Carolina (23.6 per cent).

There are other means available by which one may estimate the size of this challenge. One can ask high school guidance counselors to estimate how many of their seniors they thought should have gone on from their schools to college but were prevented from doing so by lack of money. The State Council of Higher Education for Virginia made this inquiry in 1968; the results will be discussed later in this section. One can ask the graduating seniors themselves how they made their decisions about college. The results of the 1967 survey conducted by the Virginia State Department of Education will also be presented in this chapter. Before examining these results, however, it may be helpful to set specific limits on the question.

For 1967 (the most recent year for which complete data are available) it is possible to show how many students graduated from Virginia high schools, how many did not go on to college, and where those who did go on finally enrolled. If one is concerned to broaden college opportunities for Virginia high school graduates, it also seems desirable to describe the students involved both by some measure of ability to do college work and also by some measure of their ability to pay for the expenses of college-going. If, for example, a majority of those *not* continuing their education were both academically able and financially well off, one might conclude that these students merely didn't want to go to college, and that therefore there is little need for the Commonwealth of Virginia to appropriate additional public funds for college student financial aid. If, on the other hand, a large group of those not going on to college are able enough to do college work but clearly have insufficient financial resources of their own, then the reasons become much stronger as to why the Commonwealth might want to make available more student financial aid.

The rough measures for student ability to do college work and for ability to pay college-going expenses both deserve brief explanation. Neither measure is precise, but each, for its purpose, is probably the best available. The means of classifying probable ability to do college work will be the verbal score on the College Entrance Examination Board's Scholastic Aptitude Test (hereafter abbreviated VSAT). The State Council of Higher Education for Virginia, in an unusually comprehensive survey of its kind, has classified 1966 and 1967 freshmen in Virginia state-controlled colleges, using their VSAT). The State Council of Higher Education for Virginia, in an major portion of Virginia's college freshmen than is available for most states. The Scholastic Aptitude Test is a reasonably good predictor of *aggregate* student performance in college (although high school rank-in-class may be slightly more reliable and the two measurements combined more reliable still).² What is reasonably true for large groups, however, is often not true for predicting *individual* performance. Thus, the tables which follow do not imply that everyone listed with high test scores will do well in college, nor that everyone in the lowest-scoring groups will do badly. Furthermore, there is no implication intended from these tables that individual colleges or groups of colleges should set arbitrary test-score cut-off lines as their sole (or even primary) admissions standard. Such a system might be convenient to administer, but would also waste human talent.

The score range of the Scholastic Aptitude Test starts at 200 (low) and extends to 800 (high), with the median score of those taking the test each year roughly 500. However since most of those who take the test plan to go on to college, this median score of 500 is higher than one would encounter if every high school senior, whether planning to attend college or not, were to take it. Representative sample surveys, conducted by the College Board suggest that the median score for all U.S. high school seniors, if they all took the test, would be slightly above 350. In the tables which follow, it is estimated that the following percentages of Virginia high school seniors are able to achieve at least the following VSAT score levels.

²When using aptitude test scores to try to predict academic performance, some colleges prefer to use the Mathematical Aptitude Test score (instead of the VSAT), and some prefer to add the Mathematical and Verbal scores into a combined index. In the tables presented in this study, a workable approximation of what a combined index (Verbal and Mathematical together) would yield can be achieved by multiplying the VSAT score levels by two.

SAT Verbal Score	Percentage of high school seniors likely to score this well or better
200	100.0%
300	68.0
400	35.0
500	15.0

The United States is unique among the major educational systems of the world in the high degree to which it places the financial burden of college-going (tuition plus living expenses) upon students and their families. Even if one examines only the publicly-controlled institutions in the United States where tuition charges are traditionally lower than in private colleges, the burden passed on to students and families is relatively high. Furthermore, Virginia's charges to in-state residents are high compared with similar charges to in-state students at public colleges in other states. While this is unfortunate from the Virginia students' viewpoint, it probably also is true that the state-controlled colleges and universities in Virginia are not able financially to make significant reductions in their student fees. Thus, any minimum-cost appraisal of how one might try to make it possible for more high school graduates to attend college, first requires that some estimate be made of how much money these students and their families might be able to contribute. Such a minimum-cost solution, presumably, would ask that supplementary financial aid should be available only to fill the gap between the total amount of a student's annual college expense budget and what he and his family (and other outside sources) can contribute towards those expenses. If the supplementary aid available is much less than the size of the gap, the student probably will decide not to go on to college; if the aid available exceeds the student's need thus defined, then the excess could probably be used better elsewhere. In all but the lowest-income families, the biggest portion of the student-family contribution one might expect will come from the family.

The estimates of family income used in the tables below are for the families of Virginia high school seniors. Because incomes of the families of high school seniors tend to be higher than those of high school dropouts, and because parents of high school seniors

tend to be at an age when their earnings are at their highest, the incomes listed (and by implication the ability to pay for college expenses) are higher than the standard U.S. Bureau of the Census incomes listed for all Virginia families. The amount of money a family might ordinarily be expected to contribute to a son's or daughter's college expenses at any given level of annual income is estimated by the same procedure which the College Scholarship Service uses when it calculates college scholarship stipends, based on financial need, for students in public and private colleges. Aggregate measurement of family income is reasonably adequate to describe the financial pressures felt by a large group of Virginia students. However, if one were to estimate need in any individual case, one would also wish to consider the specific, special financial circumstances which make for variation from the "average" case.

The following series of tables will estimate how many Virginia high school graduates, at what levels of scholastic ability and of ability to pay, did *not* go on to college in 1967. Table 7 shows where the 1967 Virginia high school graduates did go to college and how many out-of-state freshmen also enrolled at the same time. Table 8 classifies the 1967 Virginia resident freshmen by VSAT score groupings. Test score data are incomplete for private college students and for students going to college out of Virginia, and errors up to 10 or 20 per cent in estimating these internal distributions are possible. Even so, however, the possible error does not appear likely to be so great as to damage the major conclusions one may draw from the tables. Table 9 turns from 1967 Virginia college freshman to the 1967 Virginia high school graduating class; it distributes these students by the same test score grouping as was used for the freshmen, and also distributes them roughly by ability to pay. (Do they or don't they have roughly the necessary resources to attend a public two-year or four-year college without supplementary financial aid?) In each test-score grouping, near the bottom of the table, the number of 1967 freshmen attending college is subtracted from the total number of 1967 high school graduates to yield scholastic-ability estimates of those high school graduates who did not go on to college. Most of the 27,000 Virginia high school graduates who did not go on—even allowing for errors of estimation in the table—come from the lower two test score groupings: VSAT 200-299 (15,000 students), and VSAT 300-399 (11,000 students). Table 10, in turn, estimates that most of those who do not go on to college also come from the lower income portion of the Virginia family income distribution (for families containing high school seniors).

TABLE 7

1967 Estimates of Virginia College Full-Time Freshman
Population, By In-State and Out-of-State Residence

I. Freshmen in Virginia Colleges			
	Total	Residents of Virginia	Out-of-State Residents
Public*			
2-Year	4,321	4,269	52
4-Year	16,065	12,773	3,292
Public Total	20,386	17,042	3,344
Private**			
2-Year	2,415	1,924	491
4-Year	5,892	2,312	3,580
Private Total	8,307	4,236	4,071
Total Freshmen in Virginia Colleges	28,693	21,278	7,415
II. Virginians who migrated elsewhere			
Virginia High School graduates who became Freshmen in out-of-state Colleges in 1967		5,876	
III. Est. Total Virginia Residents who were College Freshmen in 1967:***			
		27,154	

*Source: State Council of Higher Education for Virginia, Richmond, 1967, SCHEV Form B-3. Enrollments (1,230 full-time freshmen) in the branch affiliates of the University of Virginia, Virginia Polytechnic Institute, and the College of William and Mary are included with the figures for the 4-year parent institutions.

**Sources: *Opening Fall Enrollments in Higher Education, 1967*, U. S. Office of Education, Washington, D. C., 1967, Table 28; Cass, James and Birnbaum, Max, *Comparative Guide to American Colleges, 1968-69 Edition*, New York, Harper & Row, 1967.

***The Division of Educational Research of the Virginia State Department of Education estimates that in 1966-67 there were 52,196 Virginia public high school graduates, of which 48 per cent, or 25,054 went on to college. In addition, from responses to the 1968 State Council of Higher Education for Virginia questionnaire, it is estimated that Virginia private high schools in 1967 graduated approximately 2,500 students, of whom 2,100 went on to two-year and four-year colleges. The number of Virginians who migrated elsewhere is thus a residual estimate, calculated by subtracting the State Department of Education estimate of the total number of Virginia Residents who were college freshmen from the total number of full-time, Virginia-resident freshmen enrolled in Virginia colleges.

These tables suggest that the maximum conceivable "broadened opportunity" goal in 1967 would have been to make it financially possible for 27,000 additional Virginia high school graduates to go

on to college. However, one might reasonably estimate that even had funds been available, perhaps 15,000 to 17,000 of these graduates did not have either the ability or the desire to go on to successful college work as it is currently defined by the collegiate institutions of Virginia. This last pair of figures is only a speculative estimate which, although reasonable, has not been tested in any rigorous way. If it is plausible, however, then a maximum but still realistic "broadened opportunity" goal might be the creation of sufficient financial aid for 10,000 to 12,000 additional Virginia high school graduates to go on to college each year—or quite close to the estimate one would make if suggesting that Virginia's college enrollment as a percentage of population (aged 18 to 21) should roughly equal the current United States average.

If one became still more restrictive in one's interest and suggested that supplementary aid should be provided primarily for those able to score 300 or better on the Scholastic Aptitude Test verbal section and also who come from relatively lower-income families, a reasonable target still probably would exceed 6,000 high school graduates each year. While the test-score definition of this portion of the Virginia student population seems like an arbitrarily rigid description, the figure of 6,000 students (give or take about 1,000) seems like a conservative (not over-estimated) maximum figure to have set as a "broadened opportunity" goal for the year 1967.

In 1968, the number of Virginia high school graduates increased by about 1,700 over 1967, while the number of Virginia high school graduates enrolling in Virginia state-controlled colleges, primarily the two-year colleges, increased about 2,300. If the number going on to private colleges in Virginia and to out-of-state colleges did not change substantially, then a revised "broadened opportunity" goal estimated this way for 1968 would remain at roughly 6,000 students.

Smaller estimates, however, can be arrived at in a somewhat different way. During the fall of 1968, the State Council of Higher Education for Virginia asked guidance counselors in each of Virginia's public and private secondary schools to:

"Give the percentage (best estimate) of the 1968 graduates of your school who *were* qualified for admission to college, but who *were not* able to attend for financial reasons."

and to

"Give your best estimate of the amount of money the average student (above) would have needed in order to have been able to attend college this year."

TABLE 8
Estimated Distribution of 1967 Virginia-Resident College
Full-Time Freshmen by Verbal Aptitude Test Scores (VSAT)
(Virginia Residents Only)

Type of College	Total Virginia Resident Freshmen	— Verbal SAT Score Groupings —			
		200- 299	300- 399	400- 499	500 or higher
Public*					
2-Year Colleges	4,269	371 (8.7%)	1,712 (40.1%)	1,580 (37.0%)	606 (14.2%)
4-Year Colleges	12,773	932 (7.3%)	2,223 (17.4%)	4,726 (37.0%)	4,892 (38.3%)
Total Public	17,042	1,303	3,935	6,306	5,498
Non-Public**					
2-Year Colleges	1,924	115 (6.0%)	662 (34.4%)	743 (38.6%)	404 (21.0%)
4-Year Colleges	2,312	76 (3.3%)	472 (20.4%)	955 (41.3%)	809 (35.0%)
Total, Non-Public	4,236	191	1,134	1,698	1,213
Total in Virginia Colleges 1967	21,278	1,494	5,069	8,004	6,711
Virginia High School Graduates in Out-of- State Colleges***	5,876	194 (3.3%)	1,198 (20.4%)	2,427 (41.3%)	2,057 (35.0%)
Grand Total, All Virginia High School Graduates Who Are 1967 College Freshmen	27,154	1,688	6,267	10,431	8,768

*See *Student Admissions, 1967, Part I*, State Council of Higher Education for Virginia, Tables 11-16. Since 5,838 of the freshman enrollees in Virginia state-controlled two-year and four-year colleges did not report test scores in the *Student Admissions* study, estimates were made in Table 8 as to what score patterns this non-reported data might represent. It is assumed in Table 8 that the score pattern of non-reported scores in the two-year public colleges is the same as that for reported scores in those institutions. It was estimated, however, that the non-reported scores in the public four-year colleges are somewhat lower than the reported scores. The following tabulation shows on the top line the percentage of students in each VSAT scores grouping for four-year Virginia public colleges as reported in *Student Admissions, 1967*. The bottom line shows the adjusted percentage distribution used in Table 8.

**See *Manual of Freshman Class Profiles, 1967-69 Edition*, College Entrance Examination Board, 1967; and Cass, James, and Birnbaum, Max, *Comparative Guide to American Colleges*, New York, Harper & Row, 1967. Enrollment estimates are from *Opening Fall Enrollments in Higher Education, 1967*, U. S. Office of Education, Washington, 1967, Table 28.

Non-public Virginia institutions—representing 52 percent of total Virginia non-public freshman enrollments—reported VSAT distributions in the College Entrance Examination Board's *Manual of Freshman Class Profiles*; those tables yield results similar in quality to that for the state-controlled colleges above. Non-public institutions representing another 32 per cent of total Virginia non-public freshman enrollments reported benchmark VSAT data for inclusion in Cass and Birnbaum's *Comparative Guide*. The VSAT distribution for these students has been estimated but probably with less accuracy. The remaining Virginia non-public institutions, representing 16 per cent of total Virginia non-public enrollments, were estimated without benefit of any reported VSAT data. Since the non-public institutions enrolling the largest proportions of high-scoring students are also the institutions most likely to report most fully their VSAT score distributions, the non-public portion of Table 8 appears to be most accurate for the relatively high VSAT score groupings, and is most likely to err in internal distribution of students in the relatively low VSAT score groupings.

***Test score distributions for Virginia high school graduates enrolling in out-of-state colleges was assumed to be approximately the same as that for Virginia-resident four-year non-public college freshmen.

VSAT Score Groupings
(Virginia four-year public colleges)

	200- 299	300- 399	400- 499	500 or higher
Reported percentage distribution	6.3%	15.9%	35.5%	42.3%
Adjusted percentage distribution	7.3%	17.4%	37.0%	38.3%

Counselors in schools representing 56.5 per cent of the total 1968 Virginia high school graduating class replied that 7.28 per cent, or 2,224 students, were academically qualified but were nonetheless prevented from attending college because of lack of money. The average amount of additional student aid needed was \$1,200 per student per year. Schools representing another 37.8 per cent of the total number of high school graduates either failed to answer these two questions, or reported that they thought that none of their students were prevented from attending college because of financial need. Since much of the high school student enrollment represented in these last "no need" answers was in relatively low-income school districts (where relatively large numbers of school graduates did not go on to college), one might reasonably speculate that at least some of those "no need" answers seriously understate both the

TABLE 9
Estimated Joint Distribution of Virginia High School
Graduates, 1966-67: Verbal Scholastic Aptitude and
Family Income*

	Verbal Scholastic Aptitude Test Score Grouping				
Family Income (Possible Contribution to Children's College Costs)	200- 299	300- 399	400- 499	500 or higher	Total
I. Family Income Less than \$9,700 (Can contribute \$1,180 a year or less)	11,860	11,220	6,240	3,160	32,480
II. Family Income \$9,700 or more (Can contribute \$1,180 or more)	4,820	6,490	4,950	5,760	22,020
III. Total	16,680	17,710	11,190	8,920	54,500
Less: 1967 Virginia-Resident College Freshmen (From Table 8)	<u>1,688</u>	<u>6,267</u>	<u>10,431</u>	<u>8,768</u>	<u>27,154</u>
Equals: Estimate of 1967 Virginia H.S. graduates NOT in College	14,992	11,443	759	152	27,346

*See Note for Table 10.

TABLE 10

Estimated Joint Distribution of Virginia High School Graduates,
1966-67, Who Did Not Go to College; Grouped by Estimated
Verbal SAT Scores and Family Income*

Family income (Possible Range of contribution to childrens' college costs)**	Verbal Scholastic Aptitude Test Score Grouping				Total
	200- 299	300- 399	400- 499	500- higher	
I. Family income less than \$7,250 (Can contribute \$700 or less)	8,709	6,857	451	97	16,114
II. Family Income \$7,250 to \$9,700 (Can contribute between \$700 and \$1,180)	2,273	1,790	118	25	4,206
III. Family income \$9,700 or more (Can contribute \$1,180 or more)	4,010	2,796	190	30	7,026
IV. Total	14,992	11,443	759	152	27,346

*See Doermann, Humphrey, *Crosscurrents in College Admissions*, New York, Teachers College Press, 1968, Appendix A, for method of constructing joint distribution tables. Virginia VSAT percentile levels are calculated to be: for VSAT—V300, V400, and V500 are 32nd, 65th, and 85th Percentiles respectively; for family income at V200 level, \$9,700 equals 63rd Percentile in Virginia. Total numbers of students not attending college are taken from Table 9.

**The family income and possible-contribution ranges presented here are roughly associated with ability to pay for college-going costs of different types of Virginia colleges in 1967, assuming families are able to contribute the normally-expected amounts, that students contribute from savings and/or summer earnings. In the first group are high school graduates who would need some (up to \$700) support in order to attend a two-year public college in Virginia. In the second group are students who could afford a two-year public college without additional financial aid, but who require some assistance to attend a four-year public college (while living away from home). The third group could afford to attend either a two-year or a four-year public college without further assistance, and a few of these would even be able to afford to attend non-public colleges.

academic capability of students to continue their formal education and the extent to which this ability may be frustrated by lack of money. Finally, schools representing 5.5 per cent of the total 1968 Virginia high school graduating class failed to fill out any portion of the questionnaire. If one were to extrapolate the response of the schools which did see positive financial need among their graduates to the total 1968 Virginia high school graduate population, then one would estimate that 3,921 graduates failed to attend college solely for financial reasons. If reality lies somewhere between

the minimum reported figure (2,224) and the full extrapolation (3,921), then perhaps one might guess as a conservative minimum figure that approximately 3,000 Virginia high school graduates failed to attend college solely for financial reasons.

When 23,459 high school seniors in the spring of 1967 responded to a survey conducted by the Virginia Department of Education, as to why they had decided *not* to go to college, 2,349 (about 10 per cent) said that college was "too expensive." Another 5,720 said they would "rather get a job," another 2,399 gave "military service" as a reason, and 2,658 said they didn't know why they made their decision. Among the 10,777 seniors giving alternate employment, military service, or "do not know" as their response for why they did not plan on going to college, it seems reasonable to suspect that at least 651 students (in addition to the 2,349 above who answered specifically that college was "too expensive" to attend), and perhaps many more, also lacked money to go on and that this was a critically important factor in their plans even if it was not the primary one checked on the questionnaire. If so, the minimum target estimate of 3,000, which one might make above from the 1968 guidance counselors' data, does not seem too high, and may well be far too low.

Although it does not contribute directly to a numerical target estimate of the kind discussed above, a recent separate study conducted by Assistant Professor Edward W. Erickson at North Carolina State University at Raleigh examines the college-going rate in Virginia cities and counties. The study demonstrates that differences in per capita personal income are directly related to differences in the probability of attending college and that there remains a significant financial barrier to higher education in Virginia.

In summary, this "broadened educational opportunity" section has said that if one examines Virginia college attendance vs. population (aged 18-21) compared with the experience of other southern states, or if one constructs input-output tables of the supply of Virginia high school graduates compared with their post-graduation activity, or if one asks responsible Virginia secondary school officials what they think, or if one asks Virginia graduating high school seniors what they think—the answers all suggest that somewhere between 3,000 and 6,000 Virginia high school graduates each year might well have gone on to college, would have liked to do so, would later have given added strength to the state's labor force if they had done so, but were prevented from making this decision because of lack of money.

Financial Need Among Currently-Enrolled Students

One of the purposes of additional student financial aid also should be to reduce the unduly great financial burden now carried by many Virginia students who are currently enrolled in college. One may be tempted to ask: "If they are already in college, why worry?" Perhaps one should not. But the side effects of inadequate financial support for students will not go away by themselves, and if these effects are ignored, they will remain to reduce the effectiveness of instruction, and of the state and private funds already being spent on this instruction. Students from lower income families work longer hours at part-time jobs, or even full-time jobs, than are consistent with achieving their full learning potential; families of many students must now make heavily disproportionate sacrifices to help them remain in school. Between 20 and 25 per cent of the families of Virginia students attending public four-year colleges in Virginia have annual incomes before taxes of less than \$6,000. The cash outlays necessary to send a child to college, even if he or she works summers and part-time, are a substantial drain on the resources of any family. This is particularly true for large families with low incomes. Students from such families are limited in their choice of college to the least expensive ones, and even then they must often take on substantial short-term debt at expensive interest rates.

Because many Virginia students in Virginia colleges are children of low or moderate income families, some of the benefits of an expanded student aid program would accrue to these students. Although these students already attend college, their use of increased student financial aid funds would increase the equity and efficiency of the system. Equity would be increased because disproportionate sacrifice would be lessened. Efficiency would be increased because the necessity for students to moonlight at the expense of their studies would be reduced.

In order to calculate the unmet financial aid needs of Virginia students enrolled in four-year public Virginia colleges, it is necessary to determine five factors.

1. Expected student contributions or self-help. Students can themselves meet some of the expenses of going to college through earnings from summer or term-time jobs.
2. Expected parental contributions to meet the expenses of going to college. These contributions are based upon family income, family size, analysis of other special assets and financial obligations of the family.

3. Expected out-of-pocket costs or budgeted expenses for the relevant institution or institutions. These are the money costs to the student of attending college.
4. Income distribution data for the families of the relevant group of students.
5. Currently available student aid (including grants, scholarships and loans).

The Data

Expected student self-help is estimated at \$600 per year. This represents an average of \$12 per week for 50 weeks. This figure is probably too high for some students and too low for others. Summer earning opportunities differ for students depending on their skills and on the work locally available. Also, on academic grounds, some students probably should not be encouraged to work during the school year. But \$600 a year seems suitable for aggregate use with large numbers of students.

Expected parental contributions depend primarily upon family income and the number of children in the family. The higher the family income is, the more family support is expected for each child. The most frequently used procedure for estimating expected family contributions is found in the *Manual for Financial Aid Officers* of the College Scholarship Service. More than 500 colleges and universities use the College Scholarship Service procedures in estimating expected family contribution as a first step towards calculating individual-student, need-based, financial aid awards. In the calculations presented below, a statistically "average" family with two-and-one-half children (but only one child in college) is assumed.

The expected out-of-pocket or budgeted expenses for in-state students at public four-year colleges in Virginia include tuition, fees, room and board, books, personal expenses and travel allowances. These expenses are reported by Richard G. Warga in *Student Expense Budgets of American Colleges and Universities for the 1968-69 Academic Year*, published by the Educational Testing Service. The expense figures are originally supplied by the colleges themselves. The typical expense budget used below is a weighted average for Virginia four-year public colleges. The budget used is a resident budget except for George Mason College and Virginia Commonwealth University. The budget for George Mason is totally a commuting budget and the Virginia Commonwealth budget is split between commuting and residents. The weighted average budget for all Virginia four-year public colleges is \$1,800 per student per academic year.

There are two sources of information about the family income of Virginia college students. One of these sources is answers to Question No. 113 of the College Scholarship Questionnaire (CSQ) of the Educational Testing Service. The other is income data from the *High School Profile Report*, published by the American College Testing Program (ACT). The CSQ data is available for four schools for the matriculating classes of the fall of 1968 and for one of the same schools for the fall of 1967. The CSQ data includes about 2,500 students. The ACT data is not college-specific and includes about 4,000 college-bound high school students of the high school graduating class of 1968. The two distributions are:

CSQ		ACT	
Family Income	Per cent of Students	Family Income	Per cent of Students
Less than \$4,000	4	Less than \$3,000	5
\$4,000-\$5,999	8	\$3,000-\$4,999	11
\$6,000-\$7,999	11	\$5,000-\$7,499	19
\$8,000-\$9,999	14	\$7,500-\$9,999	15
\$10,000-\$13,999	27	\$10,000-\$14,999	26
\$14,000 and over	<u>36</u>	\$15,000 and over	<u>24</u>
	100		100

The CSQ intervals are the most convenient for application of the College Scholarship Service criteria for financial aid need. When the ACT family income distribution is converted to the same intervals as the CSQ distribution, it becomes:

ACT	
Family Income	Per cent of Students
Less than \$4,000	11
\$ 4,000-\$ 5,999	12
\$ 6,000-\$ 7,999	15
\$ 8,000-\$ 9,999	12
\$10,000-\$13,999	21
\$14,000 and over	<u>29</u>
	100

Because the CSQ family income data does not include any observations from predominantly Negro colleges, the ACT data converted to CSQ intervals is used in the calculations that follow.

In order to generate dollar estimates of the total student financial need, it is necessary to know the need per student and the total number of students in each representative need category. In the

academic year 1968-69, the opening fall enrollment in Virginia public four-year colleges was 66,116 students. About 77 per cent of total enrollment is undergraduate enrollment, about 20 per cent of total enrollment is out-of-state students, and about 20 per cent of total enrollment is part-time students. Application of these percentages to total enrollment, plus the assumption that about one-third to one-half of part-time students would become full-time if there were adequate financial aid available, generates an estimate that there are about 45,000 undergraduate students eligible to be affected by an expanded program which would limit eligibility to those with demonstrated financial need.

All of the data discussed above is combined in the following table to estimate total student financial aid need for those Virginia undergraduate students now enrolled in Virginia four-year public colleges.

Estimated total student financial aid need equals \$18,117,000. This estimate admittedly uses an "average" college expense budget. Further, one may question whether the College Scholarship Service methods for estimating appropriate parental contribution—even though the methods are widely used—are the best ones, or whether the calculations presented here take sufficient account of the extra assets and financial obligations faced by the families of students in Virginia four-year colleges. However, the calculations are more important for their orders of magnitude than for their apparent precision. (If one preferred not to state a precise-sounding figure such as \$18,117,000, one might instead estimate the probable range within which Virginia's total undergraduate student financial aid need is most apt to fall: such a range appears to be between the rough boundaries of fifteen to twenty million dollars.) The calculations underlying Table 11, however, generate a figure which is the single number which most closely estimates the financial need of currently-enrolled college undergraduates in Virginia. A reasonable estimate of total student financial aid need among Virginia students enrolled in Virginia four-year public colleges is about \$18,000,000.

Available Financial Aid

Student financial aid available for undergraduates in four-year public colleges totaled about \$8,600,000 in 1968-69. Student financial aid needs at these colleges are estimated to be \$18,000,000. Thus, there is an unmet student financial aid need of roughly \$9,400,000. If there were sufficient student aid funds available to meet the total need of each student, and if the need of all students were calculated according to uniform College Scholarship Service

standards, Virginia could spend \$9,400,000 more than it is currently spending to increase the equity and efficiency of its present public four-year college system. One should note: to the extent that Virginia undergraduate financial aid now goes to students from relatively high-income families (students who would not demonstrate financial need under the College Scholarship Service estimating procedures), that aid does *not* help reduce the dollar gap of unmet need, and to this unknown extent the gap is thereby understated.

TABLE 11
Financial Need of Full-Time Virginia Resident Students in
Virginia State-Controlled Four-Year Colleges, 1969*

I. Distribution of Students, Classified by Parents Pre-Tax Family Income	Family Income Classification				
	Below \$4,000	\$4,000 to \$5,999	\$6,000 to \$7,999	\$8,000 to \$9,999	\$10,000 and over
Estimated Average Family Income:	\$3,000	\$5,000	\$7,000	\$9,000	\$13,000
Per cent of Students:	11%	12%	15%	12%	50%
Number of Students:	4,950	5,400	6,750	5,400	22,500
II. Calculated Parental and Student Contributions, and Estimated Remaining Student Financial Need:					
Total Annual Cost to Students:	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Less: Family's Contribution:	0	105	520	890	1,550
Less: Student's Contribution from Savings and/or Summer Earnings:	600	600	600	600	600
Equals: Average Student Financial Need:	\$1,200	\$1,095	\$ 680	\$ 310	\$ 0
III. Aggregate Student Financial Need (No. of Students times Average Student Financial Need):					
	\$5,940,000	\$5,913,000	\$4,590,000	\$1,674,000	\$ 0
Grand Total Financial Need (sum of group Totals above): \$18,117,000					

*Financial need, in these calculations, is the amount Virginia full-time students and their families contribute for undergraduate education (in Virginia four-year colleges) in excess of their reasonably-expected contribution, estimated through using the procedures of the College Scholarship Service. The money is made available, in part from current institutional, state, and federal sources of financial aid, but in large part also from undue family financial sacrifice, more-than-desirable hours spent in student employment jobs, or the taking-on of relatively heavy loan indebtedness.

Two-year public colleges are not included in the estimate; neither are non-public colleges nor out-of-state colleges. If one were to add students attending all of these kinds of colleges, it is estimated that the "need gap" described above (for students in Virginia public four-year colleges) would more than double in size.

Virginia's Total Undergraduate Financial Aid Gap

The first section of this chapter suggests that one may estimate the number of academically-eligible Virginia high school graduates, who fail to go on to college solely because they lack financial support, at somewhere between 3,000 and 6,000 high school graduates each year. If one multiplies an estimated 4,500 high school graduates (the average of 3,000 and 6,000) first, by an estimated average financial need of \$1,000 per student per year, and then by a factor to take account of the need to consider four undergraduate classes as well as student drop-out from one class to the next, one would calculate 4,500 times \$1,000 times 3 equals \$13,500,000.

The second section estimated that financial overcontribution by students and their families in Virginia public four-year colleges currently amounts to about \$9,400,000 a year, and that one may estimate that the total financial need gap facing Virginia-resident students now enrolled in *all* of Virginia's two-year and four-year, public and non-public colleges is roughly \$15,000,000. The calculation of estimated need gaps in Virginia two-year colleges, and in non-public four-year colleges is contained in the Appendices. The sum of the undergraduate student financial need gaps from each of two sections above is about \$28,500,000 a year.

While this grand total represents a best-estimate figure, it is possible that, because of inherent imprecision in the basic data, the estimate is in error by as much as 25 per cent either way. It is not possible, however, to argue from evidence currently available that a major problem does not exist or that the availability of substantially increased undergraduate financial aid is not needed to help solve it.

If one is concerned primarily with the question of broadening college-going opportunity among eligible Virginia high school graduates who cannot now afford to continue formal education, then one final comment should be made about the calculations above. The estimate that 4,500 high school graduates each year times \$1,000 average unmet financial need times 3 (to maintain four college classes, not just the freshmen) equals a financial aid need of \$13,500,000 per year—although an admittedly rough estimate—is nonetheless difficult to question. Students who could go to college,

who would go to college if they had the money, and who are *not* now going to college are the subject of the calculation.

At first glance, the calculation of unmet need among students presently enrolled in Virginia colleges may seem more questionable. After all, the students are in college, and so whatever problems they and their families may have in meeting college-going-costs may not seem urgent. This second and separate calculation was presented for two reasons. First, while the toll of undue financial strain on middle and low-income families, of undue debt burdens taken on, of too-long hours in student job commitments assumed, and of consequent lowered quality of work and increased dropout are all hard to measure statistically, virtually every responsible official dealing with students and their academic and financial problems will testify that *these conditions are real and to an important degree are caused by lack of sufficient student aid funds*. Second, and perhaps more persuasive to the continued skeptic, it is probably impossible to design a program of state financial aid (if initial awards are made to students during their senior year in high school, at the time when they must decide whether they plan to go on to college), which will reliably give money to those who otherwise would not have attended college, and will avoid giving money to students who would have gone to college whether or not they received a need-based award. This kind of separation might be the most efficient—in that it would bring the maximum number of new students into Virginia colleges at the least cost. But it would require that some state student aid agency become a reliable mind-reader of high school seniors, which does not seem feasible, and also that on the basis of this mind-reading, the agency would make distinctions which on purely arithmetical grounds would be unfair. In short, if a state wishes to spend financial aid funds to broaden educational opportunity, and if it wishes to stay out of the mind-reading business, it must recognize that a part of the funds spent in even the most efficient need-based program will go to ease the burden upon students already planning to attend college, while the other part will indeed act to broaden college-going opportunity. Although one cannot predict in advance precisely what the relative size of those two parts will be, the different amounts of the two separate need gaps calculated above represent a rough index for Virginia today. The important commitment which the Commonwealth of Virginia recently made to develop a state-wide system of comprehensive community colleges must also be considered in appraising how best to broaden college-going opportunity. This will be discussed in the following chapter.

Summary of Chapter

The first portion of this chapter provided four separate estimates of the number of Virginia high school graduates, qualified and motivated for college work, who now fail to go on to college only because they cannot afford the full amount of fees and expenses involved. By comparing Virginia's recent college-going performance (college enrollments in Virginia as a percentage of the state's population age 18 to 21) with other states in the Southern Region, and with the United States as a whole, it was estimated that Virginia would have to enroll about 3,000 more high school graduates in college from each high school graduating class in order to equal the average performance of states in the Southern Region, and about 7,000 more beyond that to equal the average United States performance. Responses both from a 1968 questionnaire to secondary school officials in Virginia, and from a 1967 questionnaire to high school seniors, suggested that at least 3,000 Virginia high school graduates each year, and perhaps double that number, fail to attend college because they lack the necessary funds. The secondary school officials estimated the average amount of individual financial help needed to permit these students to make the decision to continue formal education to be about \$1,200 per year. Tabulations of Virginia high school graduates and Virginia-resident college freshmen in Virginia yielded a residual estimate that roughly 6,000 Virginia high school graduates, mostly scoring in the 200-400 Scholastic Aptitude Test score range and coming from low income families do not attend college solely because they lack the necessary financial support. All of these estimates were taken into account, including the possible biases and errors in each one. A single estimate was made of the potential for quickly broadening college-going opportunity for Virginia high school graduates: 4,500 students a year. By multiplying 4,500 "new" college freshmen, times an average estimated financial need of \$1,000, times a factor of three (to account for the need to consider four undergraduate classes as well as student drop-out from one class to the next), one estimates that the financial aid need to accomplish this broadened-opportunity purpose is about \$13,500,000.

A second, separate, financial need exists among Virginia college students who are already enrolled. The need is real but harder to document statistically because it is already being met by less-than-satisfactory means. Families, particularly low-income families, are contributing more than one might reasonably expect them to and some incur unduly heavy debt burdens in the process. Students also

are sometimes incurring heavy debt burdens with heavy interest charges, or are committing their time unduly to student employment, which pays their bills but sometimes also interferes with the quality and continuity of their academic work. This study does not suggest that families should cease contributing all they reasonably can to their childrens' education or that students should avoid borrowing or working to help pay the costs involved. It does suggest that these family and student contributions have been forced to unduly high levels, by an amount estimated at roughly \$15,000,000 per year. Unfortunately, as has been pointed out in the immediately preceding pages, it does not seem possible to insulate "broadened opportunity" need (\$13,500,000) from "over-contribution-by-presently-enrolled-students" need (\$15,000,000) in administering a state program which will be efficient in broadening college-going opportunity. The total annual unmet financial aid need is thus estimated as the sum of the two parts: approximately \$28,500,000. However, workable programs can be designed where the amount of this unmet need does not have to be financed solely from current state appropriations.

The final chapter will discuss the possible effects of different kinds of program guidelines upon the structure of higher education in Virginia, upon the current cost of student financial aid to be met by public funds, upon the variety of choice opened to students in considering where to go to college (if they go), and upon the ways different programs might be administered. It is doubtful whether the expertise exists anywhere to devise and to argue confidently for a single "best" program of student financial aid. However, drawing both upon the foregoing analysis and also upon the experience of college and state programs elsewhere, it is possible to present a reasonable range of possible goals which the Commonwealth of Virginia might wish to consider, and then to suggest roughly what general program guidelines and what funding levels might most logically be associated with those choices.

Chapter IV

THE CHALLENGE OF UNDERGRADUATE STUDENT FINANCIAL AID IN VIRGINIA

If one considers the concerns both of the Virginia Plan for Higher Education (1967) and of the Virginia General Assembly's Joint Resolution No. 61 (March 1968) that the State should provide opportunity in higher education for all qualified and deserving students, and if one then considers the opinions presented earlier from Virginia college and school officials, and also the experience of state and college student financial aid programs elsewhere, it is possible to identify general goals which a Virginia state program of college student assistance might wish to achieve. It is worthwhile to keep these goals in mind, not only because goals represent the starting point in designing any program, and also because in a world of limited financial resources they give sharpness to the choices which must be made in trying to design a program of maximum effectiveness at the most reasonable possible cost.

Desirable Goals For An Undergraduate Financial Aid Program in Virginia

If one briefly sets aside questions of cost, it appears that the following goals and general characteristics are desirable for a state-supported plan of undergraduate student assistance in Virginia.

1. A Virginia plan for college-student financial aid should increase the college going possibility for academically qualified Virginia high school graduates who do not now attend college because they lack the necessary financial support.
2. Such a plan primarily should be responsive to the needs of individual students. It should, for example, provide students maximum possible choice in the kind of college education they may realistically choose.
3. So that scarce dollars may be stretched to meet the maximum possible amount of total student need, the program should require that financial aid awards be based on demonstrated individual financial need. The programs should require that students, their families, and all available non-state sources of financial aid contribute as much as reasonably possible. Under these conditions, state funds are used primarily to fill otherwise unmet needs for student aid.

4. In order to allow needy students intelligent flexibility in planning their academic programs, financial assistance should be offered in a sufficient variety of forms to permit wide choice in self-help (i.e., loans and/or jobs), and also to permit achieving a healthy balance in the individually "packaged" combinations of grants and self-help. While helping themselves as much as possible through loans and jobs, students should not be required to assume undue levels of indebtedness or to over-commit time and energy to employment during the academic year.
5. The program should be designed so as to provide the Commonwealth of Virginia with the flexibility to respond intelligently and economically to future changes in federal and institutional trends and also to take advantage of possible new programs in student financial assistance. By defining a *supplementary* program of aid, offered in a *variety of forms*, considerable flexibility is achieved almost automatically. Further responsiveness can be achieved through provision for an administrative staff which would be able to review and evaluate its programs and to operate them with sensitive concern for the changing individual needs both of students and colleges in Virginia.
6. Finally, a Virginia program of college-student assistance should encourage improved academic work in college and, indirectly, in secondary schools. A varied program can accomplish this in many ways. It can offer specific recognition to high school students who have already done outstanding work. Need-based awards to students in college can reduce the need to spend long hours in student jobs and so will encourage students now doing average and below-average work to improve. Need-based awards can also make it possible for students to go to college who would otherwise be unable to do so. Even though the academic performance of many of these new college students may not seem competitively impressive compared with the records achieved by the most outstanding of today's scholars, it will probably be significant compared with what the newly-aided students might otherwise have been able to do.

General Discussion of Goals

There are a number of goals one might have proposed but which were not included in the list above. One might have suggested, for example, that the primary goal of state scholarship programs ought to be to encourage more Virginia students to select particular careers like nursing or teaching. If a state's available funds are extremely limited and if at the same time critical and long-term shortages of particular employment skills in the labor force exist, then awarding financial aid so as to encourage particular career choices may be the

most sensible expedient. Certainly, there is nothing (except cost considerations) to prevent career-oriented programs from existing alongside more general, need-based ones. Nonetheless, the opportunity is great for more Virginians to go on to *many* kinds of college training, and the financial barrier is now high for many high school graduates who are otherwise qualified. Furthermore students' career plans do change frequently enough during the early college years so that a broadly-based program, which permits flexible choice from among a wide variety of careers, seems clearly to represent the most effective way to spend expanded amounts of scholarship, grant, and loan money.

The goals listed above also emphasize financial aid awards which are tailored primarily to the needs of individual students. The goals instead might have emphasized the needs of colleges and universities by recommending that allotments be made to *institutions*. Again, although it is possible to operate institution-oriented programs alone, or these in parallel with need-based, student-oriented programs, it seems more appropriate to give maximum flexibility and benefit to *students*. This will benefit the colleges indirectly rather than give maximum benefit and flexibility to institutions, with benefits then also flowing to students, but in more restricted patterns. If it is sensible to design state programs which emphasize both flexibility of student choice and also consistent treatment of all financial aid applicants, then this probably argues also that the least expensive way to achieve these purposes is through establishment of a single, competent, central state agency which would deal directly with students and would be in close touch with colleges and with lending agencies. This does *not* say that some of the presently-existing special-purpose state programs cannot remain outside such an agency, nor does it say that responsibility for programs now administered by individual colleges cannot remain under their present form of administration. It *does* imply, however, that administration of a state-supported, comprehensive aid program must be responsive to student and college needs and also must be able to provide prompt information as to the cost and performance of its activity; it should provide centralized coordination and also sufficient staff to be able to appraise how the program is working and to recommend changes if they seem desirable.

If this study had been written as recently as twenty years ago, it probably would not have emphasized the principle of tailoring individual awards to demonstrated student financial need. Instead, it probably would have emphasized flat-grant awards to students—perhaps regardless of individual financial need—as an incentive

prize for superior promise or performance. At that time, less than one-sixth of the 18-21-year-old Virginia population was enrolled in colleges, compared with over a third today. The costs to students of attending college had not yet begun to spiral upwards faster than prevailing increases in family income. But as parents and voters now begin to view college attendance as a universally-available opportunity for any student who can qualify, college officials and elected and appointed government officials have generally agreed that the only way to assure this opportunity at anywhere near a reasonable cost is through need-based rather than through either flat-grant, individual awards or through an irregular approach to tuition remission. On the other hand, a much smaller percentage of students avail themselves of graduate education; therefore, in order to recruit more students into further training of this kind, federal and college graduate student aid is often still awarded on a flat-grant basis, without regard to individual financial need.

The Structure of Higher Education in Virginia

Any mixed list of desirable goals, such as were listed at the beginning of this chapter, usually contains several which support each other and are mutually consistent. For example, the goals of broadening the educational opportunity to enable a larger proportion of young Virginians to attend college and the establishment of a flexible program of grants and loans based solely on admission to college and on individual financial need, all are consistent with each other. The "need gap" involved in this package of goals was calculated to be about 13.5 million dollars a year assuming (which one cannot do realistically) that one could fully isolate these goals from the expenses of aiding students already intending to go to college and also from the increased capital and operating cost of making available new college capacity for the new students who would be encouraged to attend. The list of desirable goals will also contain other ones which—if the best combination is to be achieved at reasonable cost—require that choices be made concerning relative importance. For example, it is clear that financial aid which rewards a combination of outstanding past academic performance and high aptitude test scores will, if limited in its funding, go disproportionately to upper-income and middle-income students who graduate from the most prosperous high schools and who plan to go to college regardless of whether they get supplementary state financial aid. For these students, a principal effect of state financial aid would be to increase the choice they have in where they attend college. On the other hand, financial

aid based solely on college admission and on the greatest demonstrated financial need will go mainly, if funding is limited, to low-income students of middle-range aptitude and average high school grade records, and will affect not only what kind of college they can choose, but also *whether* they go on to college at all. The guidelines associated with each of the two possible goals (encouraging outstanding academic performance vs. broadening the opportunity to go to college) are different enough so that only if the full "need gap" (roughly estimated in Chapter III at about 31.9 million dollars) is funded will one set of guidelines achieve both goals. With less than full funding, one must choose one goal or the other, or some limited combination of the two. These choices and others, along with their cost implications, will be discussed later in this chapter.

It is also clear that if the Commonwealth of Virginia makes available roughly 31.9 million dollars more each year in various forms of financial aid to help Virginians attend college, this would represent something like a 16 per cent increase in annual Virginia college-undergraduate purchasing power. (Virginia college students in 1968-69 spent roughly 200 million dollars for tuition, fees, room, board, commuting expenses, and personal living expenses.) How and where students might be permitted to spend this amount of new money can have a significant effect upon the structure of higher education in the State. Even though a student financial aid program is usually designed primarily to help students rather than to change institutional structure, it is nonetheless important to consider structure so that the major side-effects of different kinds of program guidelines can be anticipated.

For example, should Virginia high school graduates be able to use state financial aid funds to help pay college-going expenses at Virginia's *non-public* colleges? Current Virginia state financial aid programs will not permit this. Many of the major state financial aid programs in other states do permit funds to be used at non-public colleges in-state.¹ There are good reasons why Virginia might also wish to reverse its present policy and permit state financial aid awards to be used at non-public colleges. One reason is a potential saving of state funds; a second is to help preserve that variety of balance in publicly and non-publicly controlled institutions which has traditionally been one of the distinguishing features of American higher education. Another reason, suggested above, is that it would permit individual students a greater choice in selecting the college

¹These states include New York, Illinois, California, Michigan, New Jersey, and Pennsylvania.

which seems best for them. A final reason is that, other things being roughly equal, it is good economic sense to make the fullest possible use of all the college educational facilities in the state, rather than to encourage less than full employment of non-public facilities while at the same time straining state capital budgets to build otherwise unnecessary capacity in public colleges.

In purely financial terms, the Commonwealth of Virginia in 1967-68 spent about \$700 from the State General Fund per student enrolled in Virginia public colleges.² If the incremental cost of adding a large new group of students into these institutions is similar to the average cost for those now enrolled (the incremental cost could conceivably be either larger or smaller) than the savings to the Commonwealth, if these students attend non-public institutions, would also be roughly \$700 per student. This calculation of savings, furthermore, does not include consideration of the capital costs involved in potentially-necessary new construction, nor of the dislocations involved when expanding public institutions must take land for the expansion.³ To the extent incremental and average costs per student are similar, one can make a clear case that the state student financial aid which enabled students to choose non-public colleges instead of public ones in 1967 would have saved money for the Commonwealth—up to the point where the aid going to these students exceeded \$700 per student plus the capital cost of new construction. This is not to say that supplementary aid for students in all types of Virginia colleges will not cost the State any money; it is to say that important savings nonetheless may be present in a program which does not cause the full burden of new college enrollments to fall solely on the public college sector.

If money were not an issue, would it be good educational policy to stimulate enrollment in non-public colleges and universities? This question seems virtually impossible to answer in these terms. However, it is possible to show the trends which already are determining the college enrollment structure of the future, and which will continue to do so unless some major action intervenes to alter those

²*Financing Virginia's Colleges*, State Council of Higher Education for Virginia, Richmond, 1969, p. 12.

³The calculation of potential savings also does not take account of the lag in state expenditure per public college student in Virginia when compared with the Southern Region, or with the United States. Of the 15 states in the Southern Region, Virginia's expenditure (\$798) per four-year, public-college student was third from the lowest (Mississippi and Oklahoma spent less). The average per student state expenditure in the Southern Region was \$1,007, and in the United States was \$1,116. If Virginia were to spend more, the savings calculated here would be correspondingly more.

trends. As recently as 1950, half of the college students in the United States were enrolled in non-public colleges. Since then, tuition charges in non-public colleges have been rising faster than in public colleges. Table 12 shows sample college-going expense budgets for Virginia residents at Virginia colleges in 1967; it helps illustrate the strong price incentive for students to enroll in Virginia public colleges as compared with non-public ones. By 1965 the ratio of non-public to public college enrollments in the United States had become about one to two. Projections made in 1963 by the Fund for the Advancement of Education suggest that by 1985 the ratio may be roughly one to four. To reach this position, ten additional students would be expected to register in public colleges for every one additional student in a non-public one. The Southern Regional Education Board, projecting public and non-public college enrollments from 1967 to 1975, has estimated that for the Southern Region as a whole, roughly 10.5 students will enroll in public colleges for every additional one in non-public colleges, and that in Virginia the comparable ratio for that period is 14.3 to one. *If this*

TABLE 12
Sample Virginia-Resident Student Budgets for
Virginia Colleges, 1967

	Public		Non-Public	
	4-Year	2-Year	4-Year	2-Year
Tuition	\$ 450	\$ 160	\$1,250	\$ 800
Room & Board	700	—	750	700
Books, Supplies, Personal Expenses (Excluding Travel)	500	500	500	450
Commuting Allowance	—	500	—	—
Total	\$1,650	\$1,160	\$2,500	\$1,950
Assume Students Can Provide from Summer Work and/or Savings:	600	600	600	600
Student Needs This Remainder, from family and/or from institutional student aid sources:	\$1,050	\$ 560*	\$1,900	\$1,350

*This Table understates the financial burdens facing commuting students at 2-year public colleges. First, as a group, they are students whose earnings probably are most needed to help their families' budgets at home; the income these students forego if they go to college is a real cost to them and their families. Second, the Table assumes that the families of commuting students will provide room and board.

occurs, the enrollment balance in Virginia will have shifted from about one-third non-public in 1958 to about one-sixth non-public in 1975. It will be always a matter of subjective judgment to locate that point in time when private and church-related college education ceases to have serious effect on a state's whole pattern of higher education. It depends on which effects one has in mind and how one chooses to measure them. Nonetheless, as things now stand, the question for Virginia probably is not whether such a point will be reached, but merely when it will occur. Whether a new Virginia college-student financial aid program is funded, and whether it permits student aid to be used in Virginia's non-public institutions, will clearly affect how quickly the shift continues to take place in the state's public-private enrollment balance.

The evidence above, and the experience reported from other states where supplementary state financial aid may be used by students in non-public colleges, both suggest that it would be wise for any significant, new Virginia program of college-student financial aid to permit funds to be used in non-public colleges. Virginia's present constitution seems to permit this, but constitutional revisions which will be considered by the forthcoming session of the General Assembly would, if adopted, appear only to permit state *loan* funds to be used at non-public colleges and appear to exclude the possibility of allowing students to use non-repayable aid (scholarships and grants) in these institutions. It may be that this new exclusion arose in large part from arguments concerning the issue of elementary and secondary school desegregation. However, these arguments do not seem nearly as relevant to Virginia's college scene. This potential exclusion regarding the use of scholarship and grant aid in non-public colleges should be reconsidered carefully, since at present it seems to be the only potential constitutional barrier to establishing educationally optimum guidelines for a state-supported college-student financial assistance program in Virginia.

Should Virginia Permit College-Student Financial Aid to be Used Out-of-State?

In any new broad-based program of student financial aid, should Virginia permit its high school graduates to use state financial aid at colleges *outside of Virginia*? The majority of the states which have established significant state financial aid programs for college students have decided not to permit direct state grants or scholarships

to be used out-of-state.⁴ Legislatures have often been unwilling to vote programs which would permit significant amounts of state public money to be used elsewhere, regardless of what the other arguments seemed to be. The arguments in this instance are mixed. If students were able to use state aid elsewhere, it would permit them even greater freedom of choice in the college which best seemed to suit their needs. If, by permitting students to carry aid elsewhere, it was *not* necessary to construct new buildings and *not* pay operating costs (in excess of tuition received) from state funds to educate these students in Virginia public colleges, then the state would save these costs. If one wished, one could limit the amount of state funds available to individual students going out-of-state, so as to ensure that savings for Virginia would occur in each individual case. Neither the added costs of permitting Virginia college students to use state financial aid in out-of-state colleges, nor the savings accruing to the State from an increase in net out-migration of college students (who otherwise would have enrolled in state-controlled colleges), have been included in the cost calculations in this study.

The question of whether Virginia high school graduates should be permitted to use Virginia college financial aid funds out-of-state is an important one, and it should be studied further. If Virginia does decide to establish an enlarged student aid program, it may well be best at the beginning to prohibit the use of state grants or scholarships at out-of-state colleges. The most recent study of student migration patterns was conducted by the U.S. Office of Education in 1963. A similar study of migration patterns during 1968 will be available in 1970. If from that study and other evidence it appears that out-migration of Virginians is not an unduly worrisome pattern today, and if it also appears that new state programs of grants and scholarships are sharply increasing a burdensome demand for new capacity in two-year and four-year Virginia public colleges, then these two circumstances would present strong financial and educational arguments to allow scholarships and grants for Virginia residents to be used at out-of-state colleges. The logic for the earlier and more cautious view about scholarships and grants seems much less persuasive, however, when it is applied to a loan program. The effects of loan availability upon student migration may be smaller than grant or scholarship availability. Most of the added student aid cost for new loans would be borne by students, not by the State. Thus, making loans available for out-of-state use could provide some added

⁴Major exceptions have included New Jersey, Pennsylvania, and Rhode Island.

flexibility to Virginia students' college choice but without major added costs to Virginia taxpayers.

Should Students in Virginia Community Colleges Receive Student Aid?

Virginia has created a major system of two-year public community colleges. Within two years (from 1966-67 to 1968-69) the enrollment in Virginia public two-year colleges has more than doubled, to the point where it approaches nearly a quarter of all enrollment in Virginia state-controlled colleges and universities. Under these circumstances, where the establishment and expansion of two-year community colleges is already broadening the opportunity for higher education, one may easily inquire whether this is not already enough and whether it makes sense to make supplementary financial aid available to do even more.

Table 12 (above) suggests one kind of answer, in addition to those provided in Chapter III. While a new lower-cost college education has indeed been made available to many Virginia high school graduates, students commuting to a community college still must usually receive some assistance from their families. In cases where family income is extremely low, individual financial need still exists in trying to meet these college-going expenses, and this calculation takes no account of the student's earnings foregone when he decides to go to college. In middle-income and high-income families, student earnings foregone probably were not counted on in the first place and so need not be considered. But for the lowest-income families, this often is not true, and this lost income represents a real barrier to higher education. There is thus a strong case for additional financial assistance to students in two-year community colleges if the purposes for which the two-year community colleges were established are to be fully realized.

Another kind of answer is more complex but nonetheless real. If no scholarship assistance, either from federal, state, or college funds were available, then the enrollment pattern in colleges would represent a "minimum-cost" pattern—at least "minimum cost" in financial aid terms. Only the rich would attend expensive colleges and the relatively poor primarily would attend the low-cost ones. If one of the purposes of college education is to help students understand better how to function effectively in a diverse society, and if students achieve this understanding partly from academic work but also from each other, then perhaps the minimum-cost enrollment pattern would only serve for two or four years to isolate students from others of

different backgrounds and career ambitions, and so to isolate them from an invaluable kind of human experience and understanding at a time when it may be most needed. The gains which accrue to a state or nation whose citizens understand each other are hard to express in economic terms; nevertheless, they seem extremely important. At the same time, however, it is clear that making available the opportunity for many students at all income levels to choose expensive education as well as low-cost education does represent an immediate money cost which is in excess of a minimum-cost solution. The analysis in Chapter III suggests that if educational opportunity is to be broadened significantly in Virginia, it will be necessary not only to continue the expansion of the two-year community colleges but *also* to provide supplementary student financial aid to low-income students of average and below-average academic aptitude. If the program incentives for low-income students to choose only low-cost college education are not set unduly high—even though these incentives would represent a minimum-cost solution for the Commonwealth—then it will also be possible to preserve and further encourage diversity of student populations within *each* of Virginia's colleges.

Other Eligibility Questions

Who participates in any new program of state-supported college-student financial aid clearly affects both the cost of the program and the enrollment patterns in Virginia colleges and universities. Three of the most important eligibility questions were discussed above: whether or not participating students might carry state financial aid to non-public colleges in Virginia, to colleges outside of Virginia, or to two-year Virginia community colleges. A related question is whether students who wish to pursue post-high school vocational training in recognized non-profit Virginia schools *outside* of the two-year and four-year public and private degree-granting colleges should be eligible for state aid. The predominant view of Virginia secondary school and college educators consulted was that the matter merited further study; they also felt that if the state were to commit new funds to need-based grants for college students, the costs could be sufficiently great so that, at least in the beginning stages, students should be eligible for need-based grants or loans only if they planned to attend Virginia accredited or approved two-year and four-year colleges and universities.

This study suggests that recipients of any new state-funded student assistance be residents of Virginia, be United States citizens, and be

admitted to and pursuing a course of full-time study in recognized, non-profit, Virginia colleges and universities. Awards should be renewable, but eligibility for renewal should be limited to a specified period, such as to six years from the first award, the completion of a baccalaureate degree, or eight semesters or twelve quarters of enrollment, whichever is earlier.

In recent years, the outbreak of serious student disruptions at many colleges has raised the question of whether scholarship or loan programs should include special requirements concerning academic standing or student conduct. No such special requirements are included here. It is felt that any college has both the right and the responsibility to expect that *all* of its enrolled students, not just the financially needy ones, will make every reasonable effort to meet the academic standards set by the institution they attend, and that *all* of its students will maintain a satisfactory record of conduct if they are to remain enrolled. Colleges and universities which themselves exercise this responsibility have no need for special restrictions in external scholarship-program guidelines. Such restrictions would only serve to remind students from less prosperous backgrounds that public trust in them is somehow less than for those who are wealthier. On the other hand, colleges which fail to exercise this responsibility are not likely to be helped significantly in their efforts to maintain good order and good academic standards merely by the presence of special restrictions in state or federal financial aid programs.

Setting Limits Other Than Student Need Upon Grant and Scholarship Awards

Up to this point, the desirability of basing awards of student financial aid on individual financial need has been treated in its pure sense: a needy student should face the *same* out-of-pocket cost (the maximum amount he and his family and other sources can reasonably contribute), regardless of where he decides to enroll and regardless of how expensive the college may be to attend. Supplementary state aid would then make up the difference between what the student can provide and what he must spend for a year to attend the college he chooses. In its pure sense, a need-based program would remove the financial incentives for a student to choose one kind of college over another, and he or she would be free to make the choice purely on educational grounds (assuming open places existed and the student involved was admitted).

Many of the states operating major student financial aid programs have decided to establish maximum—and sometimes minimum—levels on individual awards, so that the programs are no longer fully need-based in the purest sense. However, they also avoid some of the hazards of a purely need-based program. One of the hazards of a purely need-based system may be that if many more students decide to choose non-public colleges, the demand in this sector may become great enough so that non-public institutions feel relatively little restraint in raising sharply their tuition charges. If there is no upper limit on the amount of the need-based state supplementary aid to students, the State in effect underwrites the tuition increase—at least for all of the aided scholarship students. Virginia might wish to permit its students to use state funds at non-public colleges but at the same time avoid stimulating a round of large tuition increases which the State would have to pay for. Under these circumstances, it might be sensible to establish an upper limit to the amount of state support a student might expect. Illinois, for example, in 1969-70 will set an upper limit of \$1,200 on need-based scholarships or grants (or the amount of tuition-plus-required-fees, whichever is less). This may still permit a low-income student, who is willing to make unusual financial sacrifice or who can obtain other sources of support, to attend the most expensive private college in the state, but the liability of the Illinois State Scholarship Program to bear the full cost of such a choice has been limited. Within the individual need-based awards made in Illinois, the kinds of aid (loans vs. scholarships or grants) are apportioned so that the amount of student self-help (loans and job earnings) expected is proportional to the amount of direct-grant aid awarded. Thus, if the student wishes to choose a more expensive college, he also chooses to bear a greater dollar burden of self-help. One may disapprove of these measures because they tend to restrict freedom of student choice more than might be preferable, but they also tend to reduce the size of the structural shifts in enrollment between public and non-public colleges which might otherwise occur and make smaller the total cost of financial aid programs for the State.

Future Enrollment Trends and Financial Aid Needs

Before examining below the estimated costs and associated major guidelines in three possible, specific plans of state-supported financial aid to college students, it may be worthwhile to pause briefly to consider one element of uncertainty, which must affect one's judgment today about possible future costs; this element is the trend of rising

enrollments and increasing college-going costs, which seems likely in the future to increase the amount of unmet need which for the current year was estimated in Chapter III.

The Virginia State Department of Education estimated in 1968 that the number of Virginia public high school graduates would increase from 52,196 in 1966-67 to 64,500 in 1974-75. If one adds 2,500 to each figure as an estimate of the non-public high school graduates in each of those years, one would suggest that the total number of Virginia high school graduates may increase from 54,696 to 67,000, or about 22 per cent during that period.

At the same time, it is also estimated that the percentage of public high school graduates going on to college might increase about 34 per cent (from 48.0 per cent of the total number in 1966-67 to about 64.5 per cent of the total in 1974-75).⁵ The combined effect of these two trends would be to increase by about 62 per cent in seven years the number of Virginia high school graduates going on to college.

Table 13 distributes the Virginia public high school graduates projected for 1975, in a manner similar to that used in constructing Table 10 in Chapter III for all Virginia high school graduates (public and non-public) in 1967. Since family incomes are expected to continue to rise, the arbitrary cut-off division point of \$10,700 in the 1975 table corresponds to the same 67th percentile division (for families of Virginia high school graduates) of \$9,700 in the 1967 table.

TABLE 13
Projected
Joint Distribution of Virginia Public High School Graduates
1974-75: Verbal Scholastic Aptitude and Family Income

Family Income (Possible contribution to children's college costs)	Verbal Scholastic Aptitude Test Score Grouping				Total
	200- 299	300- 399	400- 499	500 or higher	
I. Family Income less than \$10,700 (can contribute \$1,420 a year or less)	14,600	13,600	6,900	3,600	38,700
II. Family income \$10,700 or more (can contribute \$1,420 a year or more)	6,100	7,600	5,700	6,400	25,800
III. TOTAL	20,700	21,200	12,600	10,000	64,500

⁵It should be remembered that in Chapter III, two separate percentage estimates for college enrollment were used: in 1966-67 roughly 48.0 per cent of Virginia high school graduates went on to college, while roughly 33.0 per cent of the State's population aged 18 to 21 was enrolled in Virginia colleges.

Table 14 summarizes projections made by the Southern Regional Education Board, which were also published in 1968, showing anticipated growth in college-age population and in Virginia total college enrollment—compared with regional and national trends. The projections took some account of new expansion in Virginia community colleges but not of any major new state plan for student financial aid; the SREB projections suggest that Virginia may gain upon the regional and national percentages for college-going in the population but probably will not equal either one by 1975.

TABLE 14
Virginia College Enrolled Population as a Percentage of
Virginia College-Age Population (Age 18-21); 1967 and 1975¹

Total College Enrollment	1967	1975 (Projected)
Public Total	89,446	174,000
Private Total	28,085	34,000
Total Virginia College Enrollment	117,531	208,000
Total Virginia-Resident College-Age Population	356,000	428,000
Virginia Enrollment as a Percentage of College-Age Population	33.0%	48.6%
Enrollment in SREB States ² as a Percentage of their College-Age Population	39.1%	50.3%
Enrollment in U. S. as a Percentage of U. S. College-Age Population	52.4%	61.5%

¹Source: *Fact Book on Higher Education in the South 1968*, Southern Regional Education Board, Atlanta, SREB, 1968, Tables 10, 11; *Current Population Reports*, Series P-25, No. 326, Feb. 7, 1966, p. 109.

²Southern Regional Education Board jurisdiction includes Alabama, Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Family incomes will rise, but the costs to a student of attending college will probably rise faster if past history is any guide. If these costs continue to rise faster than the affected family incomes, then to that extent the individual student need gap would also rise. The aggregate need gap can also be expected to increase as the number of low-income high school graduates increases, providing that this new need is not offset by increased amounts of institutional or federal student aid funds.

However, no precise forecast is offered here as to what Virginia's unmet, college student, financial aid needs will be by 1975. Too many of the determining factors are in doubt. Even the limited illustrative projections offered in Tables 13 and 14 are likely to turn out differently from those projected. But even after allowing for reasonable doubt, if one scans the elements of increasing population, increasing percentage of the population attending college, and college costs rising faster than family incomes, it seems virtually impossible to predict that Virginia's student financial aid needs will decrease from their present levels by themselves, and the likelihood is that they will increase significantly. Since there is doubt both as to the extent of that increase and to the extent which federal and private sources will supply more student aid (and in what forms) to Virginia students in the future, it seems wise to require that any new Virginia program be designed with flexible enough funding provisions, with enough variety in forms of aid offered, and with sufficiently alert responsiveness in administration, so as to be able to deal with an unknown future as it unfolds.

Cost-Estimating Assumptions

Four characteristics of the cost estimates which follow should be borne in mind. First, they are calculated to estimate what the current cost of the suggested programs might be, based on current numbers of Virginia high school graduates and Virginia-resident college students and on current family incomes and college-going costs in Virginia. Thus, the estimates suggest roughly what the current budgetary impact might be today if such programs were in effect. The calculations thus understate future costs by the amount each year which the college enrollment base expands and by the rate at which college-going costs increase faster than family incomes of Virginia College students.

Second, the calculations illustrate the estimated current costs of programs *once they are fully in operation and four classes of undergraduates are receiving benefit from them*. In the case of student loans—the program of lowest cost to the State per student—the illustration is realistic since it is recommended that any college-enrolled student who meets the eligibility requirements, and not just prospective college freshmen, be allowed to benefit from the program in its first year of operation. However, it is suggested for the more expensive grant program that in its first year, if funded, money only go to prospective freshmen. In succeeding years, those initially eligible would again be eligible for renewal of their aid. In this

way, the freshman class, start-up cost of a grant program—excluding administrative expenses—would be about one-third of the total cost (once the program is fully in operation after four years).

Third, the cost calculations which follow assume that, for the time being *the present Virginia programs of financial assistance to college students are to be continued*, and that therefore some of Virginia's financial aid needs already are being met outside of the possible programs suggested below.⁶ The study notes, however, that to the extent money is now awarded to Virginia college students who do *not* have financial need, the total cost to the state of meeting any given amount of now-unmet student needs is thereby increased. Some special-purpose programs, such as the Virginia State Teachers Scholarships, do help meet continuing and separate needs, and should not be abandoned. But if some form of the need-based plans illustrated below are adopted, then others of the current special-purpose programs currently in effect might logically be reduced in their funding levels or be consolidated with the new programs. Further study, leading to specific recommendations, should be given to this possibility.

One of the strongest apparent candidates for consolidation is the current program of Unfunded Scholarships: a program of tuition remission up to \$300 per student for students in state-controlled four-year colleges and community colleges, administered at the discretion of the institutions. During 1968-69, seven institutions awarded 1,471 unfunded scholarships to students, totaling \$362,882 or an average award of \$247. Awards generally went only to students with demonstrated financial need and good academic records, but if the maximum number of legally-eligible students had received an award, the cost would have been between one and three million dollars depending on how liberally the colleges involved defined financial need among their students. With differing plans of administration of unfunded scholarships in effect at each institution, using different standards of eligibility and financial need, it seems likely that careful further study would suggest that both the interests of equity and good administration would be better served by merging this program with a broader-eligibility need-based grant program if one is adopted.

⁶Current special-purpose college-student financial aid programs in Virginia include the following programs (administered by the following state agencies): Virginia State Teachers Scholarships (State Department of Education); Nursing Scholarships (State Board of Health); Welfare Personnel Scholarships (State Board of Welfare and Institutions); Law Enforcement Scholarships (State Department of Education); Forestry (Virginia Polytechnic Institute); Scholarships and Regional Education (Virginia State College—Petersburg); Dental Hygienist Scholarships (State Board of Health); Vocational Rehabilitation (Department of Vocational Rehabilitation).

Finally, although provision for a state-administered supplementary program of student-employment jobs was mentioned in the list of goals at the beginning of this chapter, *none of the possible plans below specifically provide for a state-supervised or state-funded program of student employment*, nor is such a provision recommended at present. This exclusion is made for two main reasons. First, the Federal Government currently is funding the College Work-Study Program relatively more generously than either its program of non-repayable grants (Educational Opportunity Grants) or its major loan programs. Second, good administration of student employment programs is probably more complex and more expensive per student aided than either non-repayable grants or loans. Provision for additional state-administered student employment opportunities may turn out later to be an appropriate step for Virginia to take, but it does not seem to demand highest priority at present. Meanwhile, it would require more study and careful planning than has yet taken place.

Three Possible Programs: Costs and Guidelines

This section will discuss the costs and possible major guidelines associated with three possible programs of state-funded supplementary financial aid for Virginia college students:

1. A relatively high-cost plan which relies largely on non-repayable, need-based grants to students and which would probably encourage the largest number of Virginia students—who now do not plan on higher education because they feel they cannot afford it, even though otherwise qualified—to go on to college.
2. The lowest-cost plan which could meet the total estimated unmet student need, which relies largely on a guaranteed loan plan. This would add flexibility to the current educational planning of college-bound students and also would help reduce the undue financial burdens now being carried by some families but it would probably bring relatively few additional high school graduates into college enrollment.
3. A medium-cost plan, employing both non-repayable, need-based grants and guaranteed loans, which would attempt to retain some of the broadened opportunity advantages of the high-cost plan above, but at a smaller current cost to Virginia taxpayers.

A High-Cost Plan: Non-Repayable Need-Based Grants

If the full student financial aid need gap, estimated in Chapter III, were to be met for Virginia college students solely through a plan

of need-based grants and/or scholarships, the first year cost, excluding administrative costs, would be about 10.6 million dollars or roughly six million dollars more than Virginia now spends for college student financial aid. After four years, this total cost would have roughly tripled to about 31.9 million dollars, plus some allowance for an expanding enrollment base and for the inflation of college-going costs faster than family incomes.

Despite the element of high cost, there is much to recommend such a plan. Of all of the major forms of currently available student financial aid (grants, jobs, and loans)—when matched against student needs—non-repayable grants clearly are in shortest supply, and their future availability from non-state sources also seems likely to increase the least rapidly. If a state's primary function in student financial aid is to make available necessary *supplementary* aid (after families, institutions, students, and the federal government have provided what they reasonably can), then non-repayable grants and/or scholarships are the aids most needed and also the least likely to be provided by other sources. This kind of assistance would do more than other kinds to give otherwise-eligible students, who are not now planning to attend college, some significant encouragement to change their plans.

If the full 31.9 million dollar need gap were funded by Virginia in this way, one might wish to establish both a need-based scholarship program—recognizing outstanding academic performance in secondary school—and also a need-based grant program which provided assistance to all other Virginia-resident students who needed it. This describes a pure need-based system, where individual financial need is calculated by subtracting from the annual student expense budget at the chosen college the following contributions: the family's contribution (the amount depending upon family income), the student's contribution from summer work and savings, and any other awards available to him from federal, institutional, or other sources. As suggested earlier in this chapter, however, considerations of cost and enrollment stability both argue for the modification of a pure system, into one where awards are need-based up to a pre-set maximum. The maximum suggested here is \$1,200, or the full amount of tuition and required fees, whichever is less.

If a state desires to include a grant and/or scholarship program as part of its overall supplementary financial aid program but if it also cannot afford to fund the full amount of its needs through non-repayable grants, then it may decide to fund only part of these needs this way. Under these circumstances the design of the pro-

gram becomes more complicated. Grants based solely on financial need are most effective in encouraging students who would not ordinarily do so because of lack of funds to continue formal education. Competitive academic scholarship awards, on the other hand, do relatively little to bring new students into higher education; instead they tend to increase the flexibility of college choice among the award-winners. Both individual Virginia colleges and national programs, like the National Merit Scholarship Program, already give recognition to some of the ablest Virginia high school graduates, who also tend to come from middle-income and upper-income families and thus already enjoy relatively wide choice in where they will attend college. For this reason, it seems as if the largest portion of whatever Virginia may decide to invest in non-repayable grants or competitive scholarships should first be invested where it is most needed: into need-based grants which in turn will have the greatest possible effect in broadening college-going opportunity. If sufficient funds were available, a smaller amount might also be invested in a need-based, competitive scholarship program which would initially select award-winners from among those who had compiled the best academic records in secondary school. Under such a combined program of scholarships and grants, it would be possible for a scholarship candidate also to be considered for a purely need-based grant and to receive one if he did not win a scholarship.

A Low-Cost Plan: Guaranteed Loans

A plan which would meet the full amount of Virginia's unmet student financial aid needs through guaranteed loans, instead of through grants and scholarships, has different arguments in its favor. The most obvious is that much of the cost of meeting these needs is transferred from the State to students and their families. Furthermore, the general argument can be made that since most students benefit from college education by receiving higher income through their lifetime, it is reasonable to ask them to assume much or all of the costs of this education by borrowing. In fact, these loans represent favorable investment opportunities if offered at reasonable rates of interest. The general argument has a few important flaws, however, when proposed as the method for meeting *all* student financial aid needs. Some students will want to choose relatively low-income careers (social work, the ministry, housewife) where the "good investment" argument does not necessarily apply, at least not in purely monetary terms. Also, no matter how logical the investment argument may be in theory, it is also true that, in fact, many

students from extremely low-income families are unwilling to take on a debt which may, during four college years, amount to more than the amount of their families' total annual income. If one of the important goals to be achieved is broadening college-going opportunity in Virginia, sole reliance on an expanded loan program cannot do it alone. With this in mind, it is nonetheless helpful in appraising possible combinations of loans and grants and/or scholarships to know what the minimum-expenditure, loans-only solution would cost.

Suppose all the in-state students in Virginia public colleges were eligible for such a loan program and took full advantage of it. If the State of Virginia bore the entire cost of the program, what would that cost be? For illustrative purposes, a Sample Loan Program has been created. The assumptions underlying the Sample Loan Program are:

1. A 9.5 per cent simple interest rate. This rate is one per cent over the current prime rate.
2. A grace period of one year after graduation before principal repayment begins, with students paying the interest charge on the accumulated loan balance for the grace period.
3. Students who do not continue in school begin to repay immediately upon terminating their studies.
4. The distribution of students among classes in 1968-69, adjusted for the effects of the loan program, is a rough index of the survival rate from class to class.
5. The State pays the interest on the old loans of students still in school.
6. The collection rate is 95 per cent and a 5 per cent reserve is established to cover defaults.

Such a loan program would have four kinds of costs to the State of Virginia. These costs are:

1. Administrative costs
2. Interest costs on new loans
3. Interest costs on old loans
4. Default costs

The most important of these costs is the interest costs on new loans and old loans. The magnitude of these costs depends upon the interest rate, the number of high school graduates going on to college each year, and the survival rate of college students from freshman to sophomore to junior to senior year.

In the 1968-69 academic year, there were 14,564 freshmen and 8,311 senior in-state students at Virginia four-year public colleges.

Some student attrition is due to financial problems. Also, because college enrollments are increasing, the class enrollment figures may underestimate survival rates. Consequently, the observed survival rates are adjusted to reflect the impact of an expanded financial aid program. The adjusted survival rates are used in the calculation of the costs of a guaranteed loan program.⁷

Class Transition	Observed Survival Rate	Adjusted Survival Rate
Freshman to Sophomore	79%	90%
Sophomore to Junior	81%	92%
Junior to Senior	90%	96%

Because of the financial barrier to higher education, one effect of an expanded financial aid program would be to increase the size of the entering freshman class. This must be taken into account in calculating the cost of a loan program. To reflect this fact, the entering freshman class is increased in size from 14,564 to 20,000 students.

Under the conditions outlined above, the costs of a guaranteed loan program in which the State of Virginia bore the whole cost would be as shown in Table 15.

TABLE 15
The Costs of a Sample Loan Program

Year	Students	New Loans	Five Per Cent Reserve	Interest at 9.5 Per Cent on New Loans	Old Loans
Freshman	20,000	\$20,000,000	\$1,000,000	\$1,900,000	\$ —
Sophomore	18,000	18,000,000	900,000	1,710,000	1,710,000
Junior	16,560	16,560,000	828,000	1,573,000	3,146,000
Senior	15,900	<u>15,900,000</u>	<u>795,000</u>	<u>1,511,000</u>	<u>4,533,000</u>
		\$70,460,000	\$3,523,000	\$6,694,000	\$9,389,000

If the State of Virginia alone subsidized a loan program which loaned an average of \$1,000 each to 20,000 entering freshmen and then loaned an additional \$1,000 to each of those students who survived through the senior year, the total annual cost in interest

⁷The adjusted survival rates imply that total college enrollments equal 3.5 times the freshman class. However, the broadened opportunity factor of a substantially expanded student financial aid program may have a strong effect of bringing students into the system who cannot survive for academic reasons. If this were the case, the ratio of total enrollment to freshman class size might fall rather than rise. This is an empirical question which only experience can answer. The purpose of the calculations here is to compute the outside limit of the maximum cost of a generous loan program. Therefore, the assumption is made that the total enrollment to freshman class ratio rises.

and reserve payments would be \$19,606,000. It is reasonable to suppose that administration costs of such a program would be less than \$400,000 so that the total costs of the program would be less than \$20,000,000. Thus, in the absence of any federal programs, Virginia could extend in excess of \$70,000,000 of new financial aid and keep over nearly \$100,000,000 of old loans in force for less than \$20,000,000 per year. It is likely that the assumptions made regarding the basic numbers in Table 15 are such that Virginia could extend \$70,000,000 of new financial aid and maintain old loans in force at a cost of considerably less than \$20,000,000 of cost each year. The figure of \$20,000,000 is a high estimate of the cost of an extensive loan program.

The Federal Government has a guaranteed loan program. If this program is to reduce the cost to the State of Virginia of administering a given-sized, effective guaranteed loan program, two features of the federal program are important. The first is that the Federal Government will underwrite the interest cost on old and new loans up to an interest rate of seven per cent. This means that in a 10 per cent or less money market, the additional cost to Virginia of offering an attractive enough investment package to attract substantial funds from the private capital market is at most 3 per cent. In today's money market the cost would be about 2.5 per cent. This substantially alters the cost of the program. A program such as that outlined in Table 15 but taking advantage of the federal guarantee, would reduce Virginia's cost by more than half, to \$4,232,000 per year in interest cost.

The second important feature of the federal program is its co-insurance provision. The co-insurance provision, if adopted, would relieve the State of Virginia of most of the cost of defaults. Federal funds cover all defaults arising from death and disability and 80 per cent of all other defaults. Even if the default rate rose as a result of a heavier reliance upon guaranteed loans, the default cost to the State of Virginia would not be apt to exceed \$1,000,000 per year. Thus, by taking full advantage of available federal programs, Virginia could fully fund a vigorous and aggressive guaranteed loan program for a total of about \$6,000,000 a year in interest, default and administrative costs.

The illustrative loan program described above was purposefully discussed on a large scale, \$1,000 loans to a class of 20,000 entering freshmen and then additional \$1,000 loans in each subsequent school year. This is because if a large loan program existed, fully accessible to all and free of any administrative rationing of loans

(i.e., to depositors only), the demand for loans might also be large, particularly if Virginia high school graduates could use the loans at out-of-state colleges.

The point of the Sample Loan Program illustration is not to compute exactly the estimated cost, but to demonstrate the tremendous leverage of a loan program that is capable of going into the money markets and competing for funds.

In considering the forms of state financial assistance to students that might be made available, there is a natural economic and political tendency to place a heavy if not total reliance upon student loans. *It should be pointed out that aside from the known fact that many students are assuming unreasonable loan burdens, very little has been determined about the effect of student loans on the motivation of first enrollments, on choice of institutions or programs, on retaining academic survival once enrolled, or upon the quality of individual academic achievement.* Neither is there reliable information on the effect of the requirement of college loan repayment on continued education, upon family formation, upon general credit status of graduates, or upon occupational choice and mobility. No attempts have been made to study the long-term effects of transferring the chief responsibility of paying for college from the parents to the future earnings of currently enrolled students. *Each of these important questions demands satisfactory answers before it automatically can be assumed that loan funds are the only solution to the problem of financing post-secondary education.*

A Medium-Cost Plan: Grants and Loans in Combination

A multiple-objective program which could preserve some of the best features of the grants-only plan and of the loans-only plan, while avoiding the worst hazards of each, seems like the preferable choice for Virginia. If such a program had been started in 1968-69, a suggested structure and first-year cost (excluding administrative expenses) would have been the following:

1. Need-based, non-repayable grants for freshmen in Virginia public and non-public two- and four-year colleges (eligibility limited to full-time students who are U.S. citizens and Virginia residents).

First-year amount needed: \$ 4,500,000

2. A Virginia guaranteed loan program designed to supplement present federal loan programs and, through interest cost subsidies and co-

insurance, to make available from commercial lending sources up to about \$30,000,000 in new loans each year to full-time undergraduate students, who are also Virginia residents, U.S. citizens, and attending accredited or approved colleges in the United States.

First-year amount needed: \$ 3,000,000

3. Continuation of present Virginia state-funded financial aid to undergraduate students in the present special-purpose programs, until such time as careful study may determine which programs should be further continued in their present form and which programs should be consolidated into the broad programs above or reduced in size.

Current amount being spent: \$ 4,600,000

Total being spent or still
needed to fund the first
year of the suggested
program:

\$12,100,000

Note that the above estimates relate to the figures presented elsewhere in the study for 1968-69 and refer only to the needs of the start-up year. While the costs of the loan program and of the currently-operating, state-funded programs are not expected to increase significantly in cost after the first year, the costs of the grants do increase in each of the three following years until all four undergraduate classes are being aided. The first-year cost for grants, \$4,500,000, is estimated, after allowing for dropouts, to increase to about \$8,000,000 in the second year, to \$11,000,000 in the third year, and to \$13,500,000 in the fourth and subsequent years. This schedule does not allow either for expansion in the enrollment base over 1968-69 (a reasonable estimate would be 5 percent per year), or for the fact that college-going costs are increasing faster than Virginia family incomes (roughly 2 per cent per year). Once in full operation (after four years) this plan could annually provide, in addition to what would be provided through presently-operating programs:

1. Roughly 13,500 non-repayable, need-based grants (starting from a freshman-year base of 4,500 students and then allowing for normal attrition in subsequent years), assuming average financial need per student of about \$1,000. This would aid slightly over 10 per cent of Virginia's undergraduate students. A maximum level of individual awards is suggested to be \$1,200, or the amount of tuition and required fees, whichever is less. This maximum level should

be reviewed periodically and revised as later experience suggests.

2. Roughly 30,000 guaranteed loans, assuming each averaged about \$1,000. This provision would aid over 25 per cent of Virginia's undergraduate students.

The provision for grants in a multiple-objective plan is important because, when one considers all the kinds of student financial aid programs now operating and compares them with known student needs, non-repayable grant funds are in shortest supply relative to need—not jobs or repayable loans. Need-based grants are more likely to broaden college-going opportunity than the provision of additional student loans or student jobs. If a program of need-based grants is established, some of the money will undoubtedly go to students who already plan to attend college, but grants still remain the single most effective student financial aid available in bringing “new” students into higher education.

Non-repayable, need-based grants, in spite of their many advantages cited above, represent an expensive form of student aid. Virginia's taxpayers will probably not wish to meet all of the State's otherwise-unmet college-student financial needs in this manner. Student loan programs are less burdensome than grant programs for state appropriation budgets because most of the cost is then shifted to the students themselves. There are several good reasons for Virginia to expand its guaranteed student loan program. Part of the State's unmet financial aid needs can be met at lower cost to taxpayers than could be achieved by meeting them with grants. Since students often benefit from higher education by increasing the chances they will earn larger incomes, it is reasonable to ask that at least part of this extra investment of state funds in college education be repaid by those educated. Finally, since no one today can predict with certainty either how much or what kinds of student financial aid will be available in the future from non-state sources, nor can one predict exactly what the impact of any proposed state program will be available in the future from non-state sources, nor can financial aid available in *several* forms, so that in a changing and uncertain future the greatest needs may be regularly assessed and then met at the least possible cost.

But in attempting to minimize current costs to the State, the temptation will be strong to reduce sharply the amount allocated to grants and to increase the amount allocated to loans. While such adjustment clearly is possible, one should remember that its effect would be to reduce the broadened-opportunity impact of the over-all

program. At some extreme point of reduction in the grant allocation, however, one might even prefer to eliminate provision for grants, rather than fund them inadequately. For example, if 8,000 Virginia college freshmen were to need substantial grant assistance, but if funds were available to make only 200 such awards, then the number of students whose hopes had been raised by knowledge of the grant program, only to be disappointed, might suggest that the impact of disappointment at this level outweighs the value of trying to operate a very small grant program.

However, if the balance between loans and grants is sensibly allocated and then further adjusted as experience and available funds permit, it appears possible to avoid the undue-cost drawback of grants-only solution and also to avoid the limited effectiveness inherent in a loans-only program. For these reasons, which attempt to balance probable costs and probable effectiveness, the combined plan now merits the most serious consideration for Virginia.

At the same time that the Commonwealth of Virginia considers a program of guaranteed loans and need-based grants, it is recommended also that special, non-monetary recognition be given to high academic performance in secondary school—regardless of students' financial circumstances—perhaps for the top 5 per cent of each Virginia school's graduating class, measured by rank in class and assuming a satisfactory record of personal conduct. The costs of such a program would be only the administrative costs, and these need not be large. It is clear from questionnaire responses reported in Chapter II, that responsible school and college officials in Virginia overwhelmingly favor such a possibility.

Summary of Chapter

Desirable goals for a state-supported plan of undergraduate student assistance in Virginia appear to include at least the following ones:

1. A Virginia plan for college-student financial aid should increase the possibility of attending college for academically qualified Virginia high school graduates who do not do so now because they lack the necessary financial support.
2. It should also provide students maximum choice in the kind of college education they may realistically choose.
3. So that scarce dollars may be stretched to meet the maximum student need, the program should require that financial aid awards be based on demonstrated individual financial need.

4. Financial assistance should be offered in a sufficient variety of forms to permit students a wide choice in self-help, i.e., loans and/or jobs, and also achieve a healthy balance in the individually-packaged combinations of grants and self-help. While helping themselves as much as possible through loans and jobs, students should not be required to assume undue levels of indebtedness or to over-commit time and energy to employment during the academic year.
5. The program should act to *supplement*, not to replace non-state forms of financial aid and should be organized with flexible administration which would then be able to see that the program was intelligently responsive to the changing needs of Virginia students and colleges, as well as to changing trends elsewhere in student financial aid.
6. Any new program should directly or indirectly encourage improved academic work by students.

The attempt to design administrative guidelines which would carry out a set of goals like the one above, immediately introduces the necessity to make choices as to priorities and costs. One important question is whether state funds for financial aid may be used by Virginia students in Virginia non-public colleges. Current, special-purpose programs of Virginia college-student financial aid do not fully permit this kind of use. The forthcoming session of the General Assembly will consider constitutional revisions, which, if approved, would permit loans to be used in this manner, but not grants or scholarship awards. If grants and/or scholarships *could* be used at non-public colleges, it would not only permit individual students greater freedom of choice as to the kind of college they attend, but also slow down the extremely rapid shift in enrollment balance in Virginia's colleges. If present trends continue unchecked, the enrollment balance in Virginia colleges will have shifted from about one-third non-public in 1958 to about one-sixth non-public in 1975. Whether or not this rapid enrollment-balance change is desirable on educational grounds, it is clear that on the average, every additional student which public colleges must accommodate will cost the Commonwealth of Virginia's taxpayers more than \$700 a year in operating costs, not counting the capital costs of new construction which may also be necessary as the public college system expands. This seems unnecessarily expensive, particularly if at the same time unused capacity were to exist in many of the non-public colleges.

Three possible plans of state-supported college student aid were suggested for consideration. The most expensive plan (estimated first-year cost about 10.6 million dollars, or about 6 million dollars more than is currently being spent by Virginia for college student

aid) would attempt to meet today's unmet needs through non-repayable grants and/or scholarships. This would probably achieve the maximum possible effect in encouraging students who do not now do so only because they lack the necessary support to attend college. But after four years of operation (at which time all four undergraduate classes would be receiving support from the plan), the cost would have roughly tripled to about 31.9 million dollars—and probably more than tripled after allowing for inflation and expansion of the enrollment base. This cost is probably much more than the State will feel it can afford, given other pressing demands for public funds.

The least expensive plan would be to attempt to meet today's unmet needs solely through a guaranteed loan program. The initial and also the long-run annual cost of such a plan, assuming federal student loan fund programs continue in effect, is estimated not to exceed 6 million dollars, and it probably could be achieved for less. The principal drawback in relying solely on an expanded loan program is that, if the experience of other states is any guide, loan programs alone are not likely to broaden the pattern of college-going among Virginia high school graduates nearly as much as one would wish. Middle-income students would enjoy greater flexibility in their financial planning and in their choice of colleges, but probably relatively few middle-aptitude, low-income students would decide to go on to college if they feel prevented from so doing now because of lack of funds.

A combined plan is suggested as the one which seems to offer the best mixture of benefits at a cost which the Commonwealth would be more likely to judge it could afford. Although the balance between grants (and/or scholarships) and loans suggested here represents only an approximate estimate—to be varied as experience suggests and funds permit—a combined program, whose first year costs (before adjustment for post-1968 enrollment expansion and cost inflation) include roughly 4.5 million dollars of need-based grants annually, (increasing to 13.5 million after four undergraduate classes had become eligible), and roughly 3 million dollars to support operation of a guaranteed loan program, would meet much of Virginia's unmet student aid needs today.⁸

⁸Current experience suggests that the Virginia college-student enrollment base is expanding roughly 5 per cent per year and that college-going costs are rising faster than family incomes by about 2 per cent per year. The costs for need-based grants suggested above are based on 1968-69 calculations; a comparably-effective program of grants started in any later year requires that cost estimates account for subsequent enrollment expansion and inflation of college costs faster than family incomes.

Such a combined plan assumes that state, need-based, financial aid to college students would be available to Virginia residents who were United States citizens and who were admitted to, or were pursuing full-time study in Virginia public and non-public colleges. Awards would be renewable, but eligibility for renewal should be limited to a specified period.

Other questions were raised in the chapter, but further and more thorough study should be given to them before final answers are suggested. These questions include:

1. Should Virginia support and administer a state program of undergraduate student employment?
2. Should eligibility for state financial aid be extended to residents of Virginia who wish to use these funds at out-of-state colleges?
3. Should eligibility for state financial aid be extended to residents of Virginia who wish to use these funds in vocational and other post-secondary schools outside of the system of two-year and four-year public and non-public accredited or approved colleges and universities?
4. Assuming funds are limited in supporting any provision for need-based, non-repayable grants and assuming Virginia established a program of honorary recognition for high scholastic performance, how important is it also to fund a non-repayable, need-based scholarship program which also gives explicit recognition to high academic performance?
5. To what extent should, presently-existing, special-purpose state programs of financial aid for undergraduate students be consolidated into any larger, need-based program?

Conclusion

If the Commonwealth of Virginia is to meet the broad goals it has set for itself in higher education, one of its important needs now is a broadly-based and significantly enlarged program of financial assistance for its undergraduate college students. Those who took part in the design and completion of this study have been aware that while specific questions had been asked initially about the adequacy of student financial aid in Virginia, the issue was also related to others not studied here: issues such as investment in elementary and secondary education, in graduate education, and in improved quality of facilities and instruction in Virginia's colleges and universities. These broader educational needs, in turn, are never isolated from other pressing demands upon public funds for administrative services, transportation, and medical care. The cost estimates provided in the

study were made with as much concern for prudent economy in undergraduate student financial aid as seemed consistent with realism about the probable long-range results of these expenditures. It is hoped that the candor of the study in discussing the size of the task at hand will not divert attention from the crucial importance of the underlying issue to be decided. It is hoped that in the end, in spite of many other legitimate demands for state funds, Virginia will nonetheless choose to take this opportunity to assert once more its pride in an educated citizenry and in regional educational leadership.

BIBLIOGRAPHY

- Association of American Universities, *The Federal Financing of Higher Education*. Washington, D. C.: Association of American Universities, 1968.
- Baird, Leonard L., *Family Income and the Characteristics of College-Bound Students*. Iowa City, Iowa: Research and Development Division, American College Testing Program, 1967.
- California Coordinating Council for Higher Education, *Financial Assistance Programs for California College and University Students*. Sacramento, California: Coordinating Council for Higher Education, 1967.
- Cass, James and Birnbaum, Max, *Comparative Guide to American Colleges, 1968-69 Edition*. New York: Harper & Row, 1967.
- College Entrance Examination Board, *Manual of Freshman Class Profiles, 1967-69 Edition*. New York: College Entrance Examination Board, 1967.
- College Scholarship Service, *Financing a College Education: A Guide for Counselors*. New York: College Entrance Examination Board, 1968.
- College Scholarship Service, *Manual for Financial Aid Officers*. New York: College Entrance Examination Board, 1967.
- College Scholarship Service, *Student Financial Aid and Institutional Purpose*. A colloquium on financial aid held by the College Scholarship Service of the College Entrance Examination Board. Princeton, New Jersey: College Entrance Examination Board, 1963.
- College Scholarship Service, *Student Financial Aid and National Purpose*. A colloquium on financial aid held by the College Scholarship Service of the College Entrance Examination Board, Princeton, New Jersey: College Entrance Examination Board, 1962.
- Doermann, Humphrey, *Crosscurrents in College Admissions*. New York: Teachers College Press, 1968.
- Froomkin, Joseph "Is conventional financial aid obsolete?" *College Board Review*, No. 68, Summer 1968, pp. 5-7.
- Grant, Richard V., *State Supported Student Financial Aid in Higher Education*. Denver: Education Commission of the States, 1969. Multilithed.
- Kimball, Ronald B. "Do Scholarships Help?" *The Personnel and Guidance Journal*, Volume 46, Number 8, April 1968, pp. 782-785.

- Kirkpatrick, John I., *A Study of Federal Student Loan Programs*. A study by the College Entrance Examination Board, printed for the use of the Committee on Labor and Public Welfare, U.S. Senate. Washington, D. C.: U.S. Government Printing Office, March 1968.
- Moon, Rexford G., Jr., *Some Suggestions Concerning Student Aid Activities in Colleges and Universities*. Address presented at Workshop on Financial Aid, University of Colorado, Boulder, Colorado, June 1964. Multilithed.
- Nash, George, with the collaboration of Paul F. Lazarfeld, *New Administrator on Campus: A Study of the Director of Financial Aid*. A study for the College Entrance Examination Board. New York: Columbia University Bureau of Applied Social Research, 1968. Multilithed.
- Nash, George, *Student Financial Aid: College and University*. An article for the Fourth Edition of the Encyclopedia of Educational Research. New York: Columbia University Bureau of Applied Social Research, November 1967. Dittoed.
- National Center for Educational Statistics, *Definitions of Student Personnel Terms in Higher Education*. Prepared in cooperation with the American Association of Collegiate Registrars and Admissions Officers for the Office of Education, U.S. Department of Health, Education, and Welfare. Washington, D. C.: U.S. Government Printing Office, 1968.
- O'Hearne, John J., *Financial Assistance for College Students in Texas, 1968*. Austin, Texas: The Coordinating Board, Texas College and University System. 1968.
- Pearson, Richard, *The Opening Door: A Review of New York State's Programs of Financial Aid for College Students*. New York: College Entrance Examination Board, 1967.
- Schlekat, George A., "Financial Aid Decisions and the Socioeconomic Class of Applicants," *The Journal of College Student Personnel*, Volume 9, Number 3, May 1968, pp. 146-149.
- Scholarship and Financial Aids*. A report to the Illinois Board of Higher Education. Springfield, Illinois: Illinois Board of Higher Education, 1966.
- Southern Regional Education Board, *Fact Book on Higher Education in the South, 1968*. Atlanta: Southern Regional Education Board, 1968.
- State Council of Higher Education for Virginia, *Financing Virginia's Colleges, Current Operating Income and Expenditures/1967-68*. Richmond: State Council of Higher Education for Virginia, 1969.
- State Council of Higher Education for Virginia, *Student Admissions, Virginia State-Controlled Institutions of Higher Education/Fall 1967*,

- Part I. Richmond: State Council of Higher Education for Virginia. 1967.*
- Taylor, Graham R. and Kates, Robert J., Jr., *New Horizons: Student Financial Aid in the Commonwealth of Massachusetts*. Boston: College Entrance Examination Board, 1967.
- University of California, Berkeley, *Financial Support at Berkeley: Undergraduate and Graduate Students*. Berkeley, California: University of California, Berkeley, 1968.
- U.S. Office of Education, *Opening Fall Enrollment in Higher Education, 1967*. Washington, D. C.: U.S. Government Printing Office, 1967.
- Van Dusen, William D. and O'Hearne, John J., *A Design for a Model College Financial Aid Office*. New York: College Entrance Examination Board, 1968.
- Warga, Richard G., *Student Expense Budgets of American Colleges and Universities for the 1968-69 Academic Year*. Princeton, New Jersey: Educational Testing Service, 1968.